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# West Europe Report

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## WEST EUROPE REPORT

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## INTERIOR MINISTER REPORTS ON TERRORISM, EXTREMISM

Munich BAYERNKURIER in German 5 Mar 83 p 8

/Article by Karl Hans Roos: "Bonn Report on the Protection of the Constitution:  
No More Ideological Tilt"/

/Text/ Only Facts Prevail

Sheer frenzy in the united Left. Social Democratic representatives in the Bundestag jumped in defense when Interior Minister Friedrich Zimmermann presented the Report on the Protection of the Constitution, which differed from those of his immediate predecessors in various ways. Even if the potential for violence from the Left is opposed to that from the Right in a proportion of ten to one, the SPD becomes incensed that the interior minister has put left extremism, in quantity and quality the greater danger, back into the top spot where it belongs.

In so doing, Zimmermann has shown that Baum, his Free Democratic predecessor in the socialist-liberal coalition, deceived the people. Apparently in the interests of the SPD, various ramifications as well as infiltrations of organizations were not allowed to come to light. Optical illusions served as diversions from the danger that threatens our state directly from the Left. Thus, the leftist scene was left in the dark, while the rightists were observed with a magnifying glass. With his rigorously fact-oriented Report on the Protection of the Constitution, Zimmermann has quickly put an end to the process that has been going on for years of trivializing and growing accustomed to certain things.

## World View with Blinders

The enemy of the constitution must be on the Right, according to the straight and narrow world view of the SPD. Since even the most unmitigated quibbler could not refute Zimmermann's plain facts, the SPD turned once again to mudslinging: "Does CSU Interior Minister Zimmermann possibly wish to deal carefully with his potential voters in the area of right extremism and of the far Right?" This atrocious question was posed by SPD law expert Emmerlich in the news service of his parliamentary group; very deplorable. Does Helmut Kohl perhaps wish to be elected chancellor with the help of the Hoffmann paramilitary group?

Is it not rather SPD chancellor candidate Vogel who wishes to recruit the Greens, who are teeming with figures with a left extremist background, to help him into the saddle? Even in the national executive committee alone there are three. According to State Secretary Spranger, Rainer Trampert was until 1978 a member of the Communist Federation and now belongs to the splintered "Group Z." Klaus Timpe was a member of the KPD /Communist Party of Germany/, which was disbanded in March, 1980. Ulrich Tost stood at the front lines in the establishment of the undogmatic participatory groups in the VDS /Union of German Student Bodies/ that must be counted among the "New Left," about whose activities the Report on the Protection of the Constitution informs.

It was precisely because of the fact that the CDU and CSU do not have to show consideration for auxiliaries and potential allies, for infiltrated alternative groups, that Interior Minister Zimmermann could act so freely. For the Union parties it is of no importance whether leftist or rightist bomb throwers or agitators want to shake the foundations of our state. There was a reason that the Report on the Protection of the Constitution could be presented late over the last few years, not until fall. Because it is an open secret that the findings of the Verfassungsschutz /Federal Agency for the Protection of the Constitution/ had to be "edited" by the former administration according to special points of view. Or better put: they had to be processed by former State Secretary Von Schoeler, who has in the meantime found his new home in the SPD.

Whoever views communists as "security partners," as is customary since Bahr, Brandt and Vogel, possibly has to sweep a lot under the rug. In the present-day SPD, at any rate, a career would no longer be possible for Kurt Schumacher, the party's first post-war chairman, who characterized the communists from his own sad experience as "red-lacquered fascists."

But precisely this is one of the most important findings of the new Report on the Protection of the Constitution: the extremes on the Left and on the Right border on one another and endanger the republic, if they are not stopped and if they continue to be trivialized.

Against NATO and against the Americans--that is the picture of the enemy that is common to the leftists and the rightists. Both have international connections at their disposal. It has been proven that the PLO, so highly esteemed by the leftists, trains both leftist and rightist terrorists together. Anti-semitism is common to both as well.

According to the findings of the Verfassungsschutz, approximately 3,000 from the left and 300 from the right camp are ready and able to use violence. Leftist terrorist attacks rose from 129 in 1981 to 184 last year. Right extremist acts of violence did fall from 108 to 64, but it must indeed be noted that these included six murders.

Taking the place of the RAF /Red Army Faction/, which has almost been wiped out under Interior Minister Zimmermann, are the "Revolutionary Cells."

In the last year they have almost doubled the number of their terrorist acts. These "leisure time terrorists," who pursue a regular job during the day, are also especially dangerous because they are trying to infiltrate citizens' initiative campaigns as well as the pacifist and alternative movements, where they presume there is a potential for violence, motivated most of all by the issue of the stationing of rockets.

In the civil service there are 2,360 left extremists--with a large number unreported--while the number of right extremists there fell by 40 to 293. The left extremist press meanwhile manages to put out 5.5 million copies, the right extremist press 324,000.

A great deal of educational work will be necessary among students. In December, 1982, left extremists were represented in 34 out of 44 student parliaments; in ten they held more than half the seats; their average is about one-third. In 25 out of 41 General Students' Committees /AStA/ they were represented; five AStA's consisted entirely of left extremists, and in eleven more they comprised more than half!

#### Sixty Million Marks

More than 60 million marks has flowed to the DKP /German Communist Party/ from the "GDR" in the last year. In accordance with Marxist-Leninist strategy, the DKP is trying most of all to infiltrate the peace and environmental movements. It wants in this way to achieve a foundation in the masses, and with that, greater political influence than would be possible for it to achieve on its own strength, in view of the number of its members and of its modest potential for voters. Moreover, numerous nonextremist groups acting in good faith, especially in the peace movement, are making concessions to the DKP and agreeing to the principle of communist alliance strategy--"Emphasize what is in common, put off what is divisive"--thus excluding controversial questions and concentrating on the "minimal consensus" of preventing the NATO arms buildup.

The proof that the new administration, in contrast to its predecessors, is visually impaired in neither the left nor the right eye and that it is using all means to fight terrorism, has long since been furnished. With the arrest of five right extremists, the authorities dealt a serious blow to the rightist terrorist scene during Interior Minister Zimmermann's term, this after the imprisonment of the leftist RAF leadership trio Klar, Schulz and Mohnhaupt at the end of last year. The Report on the Protection of the Constitution thereby gains credibility and weight.

12271

CSO: 3620/264

## POLICE SEARCH SCORED AS 'COVERT STATE OF EMERGENCY'

Madrid EL PAIS in Spanish 7 Apr 83 p 15

[Article by Carlos Yarnoz: "Debate Over Legality of Massive Police Operation"]

[Text] The police operation recorded yesterday in the Madrid district of Pilar was described to this newspaper by experts in legal affairs as the result of /covert state of emergency/ or /irregular application of the anti-terrorist laws/ [in italics] since, in their opinion, government authorities may have exceeded the limits permitted by the current laws, thus infringing on the rights of citizens recognized in the Constitution. In the opinion of the spokesman for the Ministry of Interior, corroborated by other members of the administration, "the police operation was conducted in accordance with the law and violated no one's rights."

Responsible police sources informed us that house searches conducted in the above-mentioned district "were nevertheless carried out with the consent of the tenants and that no one was forced to open his door." However, the spokesman for the Ministry of Interior specified that, if anyone had opposed the search, "it would have meant that he had something to hide, which is why the anti-terrorist laws would have been applied to him, laws that permit suspension of the right of inviolability of the home."

In one of its bulletins on the case, the EFE Agency (Press Association) with regard to this very point yesterday noted that, "when there is any problem in searching a home, the national police remain at the door while the inspector very quickly procures a search warrant."

## Constitutional Rights

The police sources noted that those responsible for the operation had an abundant supply of blank house-search warrants on which it would have been sufficient to include the information on the home in question and the name of the tenant to be able to carry out the search. Paragraph 2 of Article 1 of the Constitution specifically states: "The home is inviolable. No entry or search may be made in it without the consent of the tenant of record or a court decision, except in the event of a flagrant crime."



According to this article and the way in which the police operation was conducted, the inviolability of the home "was infringed on," the legal experts we consulted assert, "since the police searches were made both with and without the consent of the tenant."

In government legal circles those consulted agreed that "it at least came close to being unconstitutional."

At the present time there are two laws that permit the administrative authorities to interfere with the inviolability of the home. The first is the Antiterrorist Law, which, as indicated in Section b of Article 2, permits them to suspend "the right of inviolability of the homes of those in question and does not suffer any search of them without the consent of the tenant or a court decision that provides for same." As the law specifies in Article 1, however, this law can only be applied to "persons who, presumed to be members of or having connections with either terrorist elements or armed bands that may seriously affect civil security, may plan, organize, execute, cooperate or directly incite others to engage in the actions specified in the following section (crimes against people's lives, holding people for ransom, possession of weapons...), as well as to those persons who, having at some time planned, intended to or committed such actions, may have publicly defended them or concealed those who are implicated in them."

Therefore, at least in the opinion of the legal experts who have been consulted, the Antiterrorist Law cannot be applied en masse to a broad, undefined group of citizens, rather only to specific suspects.

#### State of Emergency

There is another law that permits the administrative authorities to suspend the inviolability of the home, not only in the case of citizens suspected of being or presumed to be members of armed bands, but also the rest of the population. This is the States of Alert, Emergency and Siege Statute of June 1981. With reference to a state of emergency, Article 17 of this law among other things states that "the administrative authorities may conduct inspections and searches of homes if they consider them to be necessary to clarify acts presumed to be criminal or to maintain law and order (...) The inspection or search will be carried out by the proper authority or its agents, who will be provided with a formal and written order (...) The administrative authorities will immediately notify the judge who has jurisdiction over the matter of the inspections and searches that have been made."

This law, however, can never be applied unless it is authorized by the Spanish Parliament. "The government," the law specifies in Article 13, "in accordance with Section 3 of Article 116 of the Constitution, may request Parliament for authorization to declare a state of emergency."

Despite the debate over the legality of yesterday's police operation in Madrid, the Ministry of Interior spokesman asserted that what happened in the district of Pilar "is a normal police practice and it will in fact continue to be followed in other districts of the Spanish capital."

11,466

CS0: 3548/330

## COMMENT BLASTS BARRIONUEVO VIOLATION OF CONSTITUTION

Madrid EL PAIS in Spanish 7 Apr 83 p 8

[Editorial: "A Terrorist in the Living Room"; passages in slantlines printed in italics]

[Text] The Socialist government's minister of interior yesterday decided to apply the 10 million votes garnered by the PSOE [Spanish Socialist Workers Party] to the arduous undertaking of looking for loopholes in constitutional guarantees. He thus emulated the random and mass repressive exploits of his recent predecessors in that post. He even outdid them in emulating them. Resided in by over 70,000 people, the Madrid district of Pilar was cordoned off by the police to verify whether a clue or information — perhaps stimulated by the immoral incentive of 20 million pesetas offered by the Directorate of State Security — as to the whereabouts of Diego Prado would be authenticated by the action. With this roundup the government that campaigned for change has multiplied its affronts to a modest district of the capital of a democratic Spain, transformed by Barrionuevo into a poor imitation of the Algerian casbah in the days of French colonial dominion.

The section of the Constitution that consecrates and protects citizens' fundamental rights and public liberties was regarded by the Socialists as the PSOE parliamentary delegation's great contribution to the drafting of our fundamental law. It is thus surprising that a member of the Socialist government should unleash a police operation appropriate to states of emergency or siege, just as if it were a simple measure aimed at directing traffic coming into the city over a long bridge. The Constitution guarantees the inviolability of the home and states that "no entry or search may be made without the consent of the tenant of record or a court decision, except in the event of a flagrant crime." While application of the Antiterrorist Law, whose constitutionality has been questioned by some eminent jurists, permits suspension of that right, application of the law to the residents of an entire district is slovenly, unconstitutional and abusive. Fraga Iribarne could not have done it better, nor would Martin Villa have done it better either. Barrionuevo is priceless as a useless repressor — if there is any use at all in repression. Never have the rights and liberties of so many citizens been violated for so little. As far as we know, the police have no decisive clue as to the whereabouts of Diego Prado, who was not found in the living rooms of the workers whose homes were searched.

We should also note the fact that the district that was subjected to torment was Pilar, not Salamanca. Terrorists do not live in well-to-do districts.

Apartment tenants' resistance to the house searches was resolved -- as the government news agency reports -- by means of the procedure of barricading the entire building while a policeman quickly ran to the courtroom for a search warrant. Things, however, were apparently not as idyllic as the official depiction of the facts describes them. On the one hand, psychological pressure and intimidations can be enough to invalidate any citizen's consent to a raid on his home. On the other, the regular judge on duty was not required to issue any search warrants during the day yesterday, which leads us to suppose that the chief warrant of the National Tribunal was the one that generously expedited these fortuitous authorizations covered by the Antiterrorist Law. Here we have the whole story: special laws applied by special judges to raid the homes of thousands of citizens suspected of terrorist activities because of the feverish mentality of Ministry Of Interior officials.

While the official reason given for this gigantic roundup was to find Diego Prado, kidnaped several days ago by ETA [Basque Fatherland and Liberty Group] militants, the police took advantage of the occasion to also show residents of the Pilar district photos of GRAPO [First of October Armed Revolutionary Group] members, perhaps with the intention of conducting two investigations simultaneously, which would enable them to save effort, time and money. If the operation had ended with the discovery of the unoccupied apartment in which the terrorists were holding their victim, the /morality of success/, which the Socialists have recently shown themselves to be such fervorous partisans of, would certainly have obscured the serious violation of the spirit of our constitutional guarantees perpetrated yesterday by the Ministry of Interior. But since the roundup ended in failure, both Socialist voters and citizens have the right to know that the government's police policy is not going to be left in incompetent, somewhat arbitrary hands. Barrionuevo is a politician who is undeserving of the 10 million votes for a /government representing change/ and we Spaniards do not deserve to have our security reside in such hands. But there is no need to delude ourselves: It is so firmly anchored to the principle of authority, authority per se, that Barrionuevo will go on being minister just as Balbin will go on being responsible for the television news.

The superiority of a democratic system over an authoritarian regime does not, as some Socialists converted to the arrogance of power seem to think, lie in better utilization of the authoritarian resources of the state to intimidate citizens, but in an extension of individual liberties and the autonomy of the society. The principle of /things working/, ultimately converted into a golden rule to measure the excellence of a human organization may be more suited to the administration of a splendid concentration camp than to the government of a humble democratic regime. Churchill said that /democracy is, when someone rings your bell at 5 o'clock in the morning, it's the milkman/. Here, the milkman's name is Barrionuevo. Although the milkman is more considerate of the hour.

11,466  
CSO: 3548/330

## SWISS TERRORIST SYMPATHIZERS TIED TO RAF, LIBYANS

Zurich NEUE ZUERCHER ZEITUNG in German 28 Feb 83 p 32

[Article by emr.: "Explosives for Violent Overthrow"]

[Text] In spite of the fact that they had been placed in different prisons, Claudia Bislin and Juerg Wehren had apparently agreed on refusing to participate in the trial: They objected to being taken to the trial in Zurich by the police. Nevertheless, the behavior of the accused as well as a petition by Defense Attorney Bernard Rambert, asking for a postponement of the trial, did not keep the Zurich District Court (first department) from pronouncing the sentence on Saturday--in spite of the unexcused absence of the accused. In addition to other crimes, Juerg Wehren, 33, and Claudia Bislin, 1 and 1/2 years younger, were found guilty of hiding and transporting close to 90 kilograms of explosives. They had passed 24 kilograms to Barbara Augustin, a German citizen and a Red Army Faction sympathizer. The court sentenced both of them to 7 years in the penitentiary; it was 1 and 1/2 years more than the district attorney had asked for. Incidentally, in his speech he had expressed the suspicion that the accused had been supplied with weapons and ammunition by the Libyan People's Bureau in Bern.

## Clear Evidence

On 11 November 1981, when the police arrested the Bislin/Wehren pair in a woodshed in Zurich 5, where Wehren had built a workshop for himself, the evidence could not have been more damaging: Wehren was in the process of handling the explosives. In the workshop the police found no less than 214 dynamite shells, weighing a total of almost 43 kilograms. They also found fuses, detonators and delayed-action fuses.

The police had shadowed the accused repeatedly, who had been unaware of it, and watched them as they drove into the woods in the close and distant vicinity of the city of Zurich. At first it was only a suspicion, but after the arrest it became a certainty. In designated areas in the woods, the police discovered five massive hiding-places that had been cleverly disguised and expensively constructed. As a rule they consisted of containers that had been imbedded in concrete in the ground. In these hiding-places the police found additional explosives and detonators and also five pistols and three partially disassembled handguns. Two of the pistols had been stolen in 1975

from the military barracks of Losone. The other three were "Colt" revolvers. The revolvers and ammunition had been delivered to the Libyan People's Bureau in Bern by gunrunners from England. The information had been supplied by the British police.

During the investigation the accused were stubbornly silent. It was almost impossible to get them to utter a single word, and they certainly could not be moved to make a confession. When the city police analyzed the traces of the Scientific Service of the city police, however, there was no doubt, not even in the opinion of the court, that the hiding-places had been built by the accused and that the objects that were hidden there had passed through their hands. The police reports on the trips the accused made to the vicinity of these hiding-places were therefore not so much valuable proof, but they demonstrated the character of the evidence. By classifying the evidence in this manner, the court invalidated the objections by the defense attorney which were aimed at labeling the police observation reports inadmissible evidence, because the detectives could not be questioned as witnesses.

#### Sympathies for Violence and Terror

When the accused hid and transported the explosives, they were in violation of Article 226 of the Penal Code only if they knew or at least had to assume that the explosives had been intended to "criminal use." Especially Claudia Bislin made no secret of her sympathy for terrorist movements like the Red Army Faction or groups that have ties to it. At one time she was employed in the office of the Zurich attorney's collective and in 1977 she coauthored a book, entitled "Rearmament Against the People." Recent statements are an indication that she is also in favor of using violence as a means to change the system. She considers herself aligned with the Red Brigade and regrets the fact that the Pope's assassin missed his target when he tried to kill the Pope.

In 1976 she handed an identity card to a member of the Red Army Faction. The delivery of explosives to Barbara Augustin clearly demonstrates that she did not break her ties to RAF middlemen. At the beginning of 1981, the two accused spent several weeks in Syria. In his speech the district attorney expressed the suspicion that they had visited a training camp for terrorists. Consequently there is little doubt that the explosives which were hidden by the accused or handed to Barbara Augustin were intended for criminal use and that the two accused were at least aware of it.

#### Defense Against State Security

In his petition for postponement, Defense Attorney Bernard Rambert--who was by no means prudish in his choice of words--criticized above all the fact that until the very end he was only permitted to confer with the defendants through a glass partition. For security reasons, a glass partition had been placed between the defense attorney and the accused in the prison room where they were meeting. Because of these and other restrictions, he continued, an "incurable violation" of defense privileges had resulted. Furthermore, these

conditions interfered with the talks between the defense attorney and the defendants and the preservation of the attorney's confidentiality could not be guaranteed. The court admitted that the glass partition made communication more difficult but that it did not affect the defense to a degree which might violate the right to an adequate defense.

Rambert pointed to another "gross violation" of constitutional principles, when the police commando would not let him call as witnesses the detectives who had shadowed the defendants for several weeks. In their stead, the chief of the detective department of the canton police was questioned. Because of this procedure, Rambert concluded, the "state security department" of the canton police--Rambert was referring to the detective department--was determining the proceedings in question, which was a violation of the principle of separation of powers.

When the court sentenced both defendants to 7 years in the penitentiary, it came close to the legal maximum sentence of 7 and 1/2 years in the penitentiary. The president justified the sentences in a brief statement, underlining the fact that the conduct of the defendants led to the conclusion that they were "extremely dangerous," yes, one might say, they were willing to stop at nothing.

8991

CSO: 3620/287

## NORWEGIAN FIRMS SEEK TO SHARE IN DANISH NORTH SEA ACTIVITY

Oslo AFTENPOSTEN in Norwegian 29 Mar 83 p 17

[Article by Flemming Dahl]

[Text] On the basis of recent new legislation, the Danish authorities are now almost ready to speed up the previously slow tempo of exploration for and production of the country's oil and gas deposits. The tempo increase will be accomplished by allowing domestic and foreign companies to become active in this sector for the first time.

Since 1962 the private Danish concern, A. P. Moller, has had a monopoly on this activity, both on land and at sea, under an agreement with the state, but now the monopoly will be phased out.

Along with the three foreign companies--Chevron, Shell and Texaco--which A. P. Moller has involved in its monopoly, the Moller concern will continue to participate in the activity, but its area of involvement will gradually become more restricted.

The Energy Ministry in Copenhagen estimates that it will receive a final political go-ahead in the spring, after which it will immediately ask interested companies to bid for rights. After a 3-month application period and a quick review of applications, the ministry feels it could issue a number of new permits in the fall.

A. P. Moller and its cooperating partners operate under the name of the Danish Underground Consortium (DUC) and as this group gradually relinquishes areas in the years ahead, the authorities intend to issue even more permits to others.

The new arrangement being set up now does not just mean that DUC will have competition, it will also give the state more control over oil and gas activities as well as a higher percentage of the revenues from them.

The Danes feel the new system will increase the possibilities of making new finds, thus creating more jobs and more income for a society plagued by sizable expenditures for imported oil, high unemployment and a generally depressed economy.



What DUC has done has been far from making Denmark into a great oil nation. Last year the country could point to an oil production of close to 2 million tons, much more than in previous years, but only enough to cover around a sixth of the country's own oil consumption.

In comparison, Norway produced almost 50 million tons of oil equivalent last year in the form of oil and gas, corresponding to around 6 times the consumption of oil in Norway.

On the basis of the maps made by seismic firms and the exploratory drilling DUC has done, hardly anyone dares hope that the Danes will make finds as big as those made by Norway. What the Danes anticipate are one or several small finds--not just in the North Sea west of Jutland, where the present production is taking place in three fields, but also on land, in Skagerrak, Kattegat and the Baltic Sea around Bornholm.

The reason why even small finds would be of interest in Denmark is that the ocean areas are not so deep there, which means investment savings on production platforms.

A. P. Moller's 1962 monopoly agreement originally had a 50-year period of validity, but in the 1970's, strong political forces supported ending the agreement before that date. They did so partly because A. P. Moller had shown that Denmark actually did have at least some oil and gas resources--something few people would have been willing to bet on in 1962--and partly because dramatic increases in oil prices had begun to have a grave negative impact in the form of import costs.

Many people later found it interesting to point out that it was a Social Democratic government that entered into the 1962 agreement--and that later on it was Social Democratic governments that stepped into the breach to get the agreement to end ahead of schedule. But nonsocialist politicians have by and large agreed that new circumstances should lead to a phasing out of the agreement, although they reacted sharply at times to the procedure the Social Democrats used in the renegotiations with A. P. Moller.

Thus it was not until the Social Democrats had threatened a new expropriation law and A. P. Moller for its part had hinted at compensation demands for billions of kroner that the owner of the monopoly gave in almost 2 years ago and signed an agreement for a gradual phase-out.

Now it is the nonsocialist minority government that has been in power since last fall that is continuing the work of the Social Democrats and implementing the new arrangement.

As a result of the new agreement 2 years ago, A. P. Moller had to give back around 50 percent of the land and sea territory to the state as early as 1 January 1982. The freed territory is not contiguous but lies between areas still under A. P. Moller's control.

New active participants will now be allowed to apply for the entire territory that has been released. But after processing the applications, the authorities will assign new rights to only part of the territory initially.

On 1 January 1984 and 1 January 1986, A. P. Moller will turn over another 25 percent of its territory--so it will end up in possession primarily of areas where production is under way or planned. That will make it increasingly possible to give more elbow room to other participants.

To a large extent A. P. Moller has the right to decide which areas to give back at the dates determined. This means that the concern will retain possession of the areas considered most promising as long as it can.

#### Two Norwegian Firms Undecided

Norwegian Hydroelectric and the Norwegian Oil Company (DNO) are the only companies in this country considering whether or not to make use of the upcoming opportunity to apply for participation in Danish oil activities. They are familiar with the terms the Danes will set, but apparently do not want to make a final decision before they have received a formal invitation.

Statoil and Saga Petroleum have shown considerable interest in the Danish rights, but apparently do not want to participate in the first round of applications.

Statoil, which is entirely state-owned, explains this by saying that the company does not currently have the approval of the politicians for foreign involvement of this kind, while the private Saga firm maintains that at present it has plenty of jobs to concentrate on here at home.

So far other Norwegian oil companies have shown only academic interest in the new Danish arrangement and have no plans to throw themselves on the merry-go-round in the near future.

It has long been assumed that close to 50 foreign companies--including Norwegian firms--would submit applications in the first Danish round. Last fall Danish authorities talked to these companies to get an idea of how strict their economic conditions can be without scaring foreign firms away from participation.

On the basis of several laws passed in recent years, the Danes are now presenting terms that are similar in many respects to the Norwegian and British terms, without being quite so stringent economically. The Danes are aware that their territory is not regarded as representing such good opportunities for finds as the Norwegian and British areas and therefore they find it necessary to tempt bidders with somewhat more favorable terms. These have been worked out with help from Norwegian and British oil authorities.

These are some of the main features of the Danish terms:

They are more flexible than the Norwegian terms when it comes to state revenues from large and small oil and gas fields--the more a field produces, the larger the state percentage of the revenues.

Like the Norwegians, the Danes would prefer to assign rights to companies that are not only willing to apply for the areas assumed to be the most promising, but are also willing to conduct test drillings and thus contribute to the mapping of less promising areas.

Just as the Norwegians require that oil companies use Norwegian workers, products and services to a large extent, the Danes are stressing a "Danification" of their activity.

Like the Norwegians, they will emphasize giving a percentage of the permits issued to domestic companies--including one or more state-owned companies. Where private Danish companies are concerned, little has leaked out so far concerning who wants to take part in this activity. Where state-owned companies are concerned, there is political disagreement about the role Danish Oil and Natural Gas (DONG) should play in relation to possible new state companies. The intention of the authorities is that the state will obtain at least 20 percent of the new rights either from the very beginning or through the exercise of options later on. The state share would rise in line with what a field produces. Another requirement is that exploration costs must not be assigned to the state.

In contrast to the Norwegian authorities, who compose the groups who will be assigned certain rights following individual application by the companies, the Danes are currently planning for group company applications. State participation will be determined in subsequent negotiations.

AFTENPOSTEN learned from both Norwegian Hydroelectric and DNO that the companies are working with foreign companies in evaluating whether or not to apply for permits. Hydroelectric mentioned the American companies, Conoco and Texas Eastern, as cooperating companies, while DNO did not wish to list the companies it was working with.

Of the approximately 50 companies that had talks with the Danish authorities last fall, very few or none are surprised by the conditions now confronting them, as far as AFTENPOSTEN could learn. For their part, the Danes appear to be optimistic about getting a good number of applications.

Department head Jorgen Norgaard of the Energy Ministry told AFTENPOSTEN that he had received no signals to the effect that the recent decline in international oil prices would lead to decreased interest in participation in Denmark.

He stressed that in the first round the authorities want to assign areas that are promising enough to make it a good bet that finds will be made in them. Otherwise, application interest in later rounds could be sharply reduced, he pointed out.

6578

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## COAL AS SPANISH ALTERNATIVE FUEL SOURCE

Madrid LUZ Y FUERZA in Spanish Jan-Feb 83 pp 55-56

[Excerpt] In the foreword of "Perspectiva Energetico Mundial" [World Energy Prospects] by the Internal Energy Agency, published in 1982, executive director Ulf Lantzke wrote these words: "The security of our energy supplies must be increased due a reduction of petroleum imports and a speed-up in the development of alternate energy supplies." One of these alternate supplies is coal.

The countries of the IEA, within the "Principles for an Energy Policy," on 21-22 May 1979 adopted provisions concerning an increase in:

- (a) The use of coal as an alternate fuel;
- (b) Coal production to meet this increased demand;
- (c) International coal trade to meet this increase,

Precisely as an essential element in meeting future energy needs and to use the existing coal potential.

Thus began the approach to coal which is now assuming growing importance both in relative and absolute terms. This is happening because prospects for the increase in the use of coal are extremely favorable when it comes to generating electric power. Right now, more than 60 percent of the total coal consumption are being used for burning in thermoelectric power plants and electricity will continue to be the chief consumer of coal during the current decade and the following one. Since we expect the demand for electricity to go up faster than the total energy demand, there will be considerable possibilities for the additional use of coal in thermoelectric power plants.

Coal, whose use stagnated during the decade of the 1960's and which declined at the beginning of the 1970's, is today the fuel that contributes to a greater degree, along with nuclear energy, to the increase in worldwide energy supplies by the year 2000. Current estimates enable us to say that the total coal demand will go up from 36 million barrels per day of petroleum equivalent in 1979 to 68 million by the end of the 20th century, with an annual growth rate of more than 3 percent. The greatest increase in coal consumption will be absorbed by the thermoelectric power plants for the production of electric energy.

Although most of the coal will continue to be consumed in the countries that produce it, there is no doubt that there will be an increase in exports which is already appreciable today. It is hoped that coal trade, transported by sea, will quadruple by the year 2000 and will reach an equivalent of more than 600 million tons of coal per year, that is to say, almost 8 million barrels per day of petroleum equivalent. Within the worldwide energy supply, it is estimated that the percentage share of coal will vary from 18 percent recorded between 1970 and 1979 to 31 percent during the period of 1980-1989 and 33 percent 1980-2000.

If we take into account the fact that the use of electric power worldwide will grow on the order of 3 percent per year until the year 2000, in other words, faster than all energy together, although this would be barely half of the average growth rate recorded during the period of 1960-1979, also as a result of the lesser increase in the general use of energy, then we can be sure that coal consumption for electric energy generation will continue to grow during that period of time, given the favorable conditions which this mineral offers in the majority of countries, including Spain. Although the increase in electric power output will be slower, as we expect, due to the lower economic growth indexes, the increase in the use of coal for electric power generation will continue to be noteworthy.

In this sense--although the percentage contribution of coal to electric power generation will not increase in the future, compared to the figure recorded in 1979--the total coal consumption volume will increase notably as a function of the ultimate increase in electric power output that will be recorded between 1980 and 2000; if we measure this output in terms of millions of barrels of petroleum per day in 1979, with a share of 36 percent coal out of the total, we would get an electric power equivalent of something like 27 million barrels, in 1980, and, with 36 percent coal share, we would get something like 39 million and in the year 2000, with a coal percentage share of 25 percent, we would get 52 million barrels per day of petroleum more in terms of electric energy this coal percentage share in electric power output in the year 2000 will represent a major increase in the total volume of coal consumer for the generation of electric energy by that last year of the century.

#### Coal in Spain

The operation of coal mines in Spain dates back to the 15th century, on a local scale, with on-the-spot utilization, although coal mines did take on a certain dimension by the end of last century. During that time however there was very stiff competition from imported coal, coming mainly from the United Kingdom, this competition threatened the nascent mining industry.

Following the institution of strong protectionism and the country's first industrial surges, coal reached a high point which lasted until the second half of this century. The decline in its use and, consequently, in the output, began during the 1960's along with competition from petroleum due to the later's low comparative prices.

The effects can be easily contrasted if we realize that, over the past 20 years, we have closed something like 400 mines and that employment shrank from 91,256 persons in 1961 to 51,535 at the end of June 1980.

Looking at these figures in the light of the product obtained, we can observe that employment in anthracite mining declined from 17,000 persons in 1961 to 10,518 in June 1980; the heaviest decline was recorded for coal when we lost 29,763 jobs out of the 63,494 we had in 1961, during the same period of time as in the preceding case. The loss in lignite mining has been less; in June, we had 7,286 workers employed here, with a decline 32.26 percent during the same period of time.

With the arrival of the energy crisis, caused by the tremendous rise in oil prices, it became necessary to return to the massive use of coal, although we also have other alternate energy sources. Governments and international organizations pointed up the need for speeding up industrial conversion to reduce the heavy dependence on oil in the vast majority of countries.

In view of this situation, it became necessary to evaluate the reserves which Spain holds of this fossil product. The Inventory of Coal Resources in Spain was published in 1979. The Inventory starts with a consideration of those resources which are at a depth of less than 800 meters (in Spain, the deepest mine reaches a depth of 700 meters) and a thickness of 0.50 meter, except for some very specific cases where lesser figures were taken.

The identified resources are being worked as a function of the profitability and feasibility of their exploitation. Those that do not meet the minimum requirements are considered additional identified resources.

We consider as reserves those exploitable identified resources whose profitability is proven at the moment of their evaluation and these figures can go up or down as a function of new discoveries, progress in technology, as well as lower or higher relative costs compared to other forms of energy.

In keeping with this classification, Spain's theoretical resources, according to the Inventory of Coal Resources in Spain, would come to 13,319,600,000 tons; once we apply the reduction coefficient of 0.282--calculated as a function of the average characteristics of the strata, the tectonic features of the area, and the losses through the exploitation system employed--we would wind up with a practically recoverable tonnage of 3,758,400,000 tons of that figure, 2,277 are perfectly identified and 1,482 billion tons are considered hypothetical resources.

The reserves have been evaluated at 1,609 million tons, of which 737 would be catalogued as very probable, 404 as probable, and 468 as possible.

Classification of Total Resources ( $10^6$  Metric Tons)

Items	Identified resources		Hypothetical resources	
	Exploitable (reserves)	Additional	Presumably exploitable	Additional
Total	1,609	668	1,043	439
Very probable	737	213	--	--
Probable	404	216	--	--
Possible	468	239	--	--

Source: Inventario de Recursos de Carbon en Espana [Inventory of Coal Resources in Spain].

It must be pointed out here that Spanish coal and anthracite mines are rather far removed from the advantageous conditions for extraction since the "accessibility" of coal is influenced by various physical factors that can be expressed in a situation where the veins are either thick or thin; it also depends on whether they are close to the surface or deep down; whether they are located under the open field or under cities; whether they are on publicly or privately owned land; whether they are in completely urbanized or virtually unoccupied areas. With modern "wide-cut" methods it is possible to extract 60-70 percent of the coal whereas in "chamber and pillar" mining which, as its name indicates, leaves huge pillars of coal as support, to prevent the roof from collapsing or giving way, the output can vary between 25 and ... [original ends at this point]

5058

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## SWAELEN DEFENDS RESULTS OF ECONOMIC POLICY

Brussels LE SOIR in French 26/27 Mar 83 pp 1,2

[Commentary by Frank Swaelen, national president of the Flemish Social Christian Party: "The Language of Numbers: the Only Truth"]

[Text] The recovery policy of the Martens administration has already produced significant results. The language of numbers, the only one which conforms to the truth, is very clear in this respect. The latest available figures show that industrial production in our country has risen 1.5 percent compared to the preceding year. The regression observed in many other countries is in clear contrast with our situation: the United States, -7 percent; the Netherlands, -2 percent; France, -1 percent; the FRG, -0.6 percent. The increase in the number of unemployed has remained clearly lower than the European average and did not exceed half the increase in the Netherlands and the FRG. Inflation was kept below 10 percent. The marked improvement in the current account of our balance of payments will reduce the weight of the budgetary deficit. An improvement had already been recorded in 1982. Especially after the drop in the price of oil, a reduction of at least 50 percent of our current deficit may be expected. For 1984, some experts even foresee a surplus in our balance of payments. Under those circumstances, the Belgian franc could become stronger and thus eliminate any reason to invest capital abroad.

Consequently, it is no longer utopian to say that in 1984 it may be possible to put an end to our loans from abroad. This could represent a strong support for the reestablishment of confidence, specifically within our borders. Hence, the CVP [Social Christian Party (Flemish)] did not act naively -- as Karel van Miert, president of the SP [Socialist Party (Flemish)], recently claimed -- by giving the green light to the current policy of the government.

## Employment

The major concern of the CVP now is employment. I have noticed that the government has made great efforts in this area. The delay in specific employment plans has been absorbed. The reduction of the working period, with compensatory recruitment, points to very positive results. The extension of compulsory school attendance proposed by the social Christians will enable disadvantaged youth to benefit from longer education before beginning to work. New measures in favor of the construction sector would also promote employment. In this respect, the CVP proposes to increase the deductibility of interest



on mortgage loans, in such a way that the cost of the credit would be reduced to below the psychological barrier of 10 percent. On the other hand, we have expressed serious reservations as to the fiscal amnesty which, according to some proposals, would accompany the measures intended to stimulate construction. Starting from a commendable goal, they are thus trying to get an idea accepted which is less so. To proceed with such an operation in this period of sacrifices would be socially incomprehensible. It would be an insult to all honest taxpayers.

### Special Powers

The government has asked parliament for special powers until next 31 December, and this for a limited number of matters aimed at rehabilitating public finances and at maintaining employment. The CVP fully supports these government objectives for the months ahead.

This does not for all that mean that it would blindly accept the principle of special powers. For the CVP, it involves an exceptional procedure which can be justified only in difficult times, for a limited period and for limited issues, and always conditional upon the assurance of permanent parliamentary supervision. This is why we believe that the political supervision by parliament on the implementation of the delegation of authority must be better organized.

Thus, parliament should be able to intervene by applying, for example, the ratification procedure, a posteriori. This procedure requires the agreement of parliament in order for the measures to remain in force after a certain date.

### Study Center

Before closing, I would also like to say a few words about the composition and operation of the Study Center for state reform. It may be that the government did not approach the opposition adequately, but this omission is easy to repair. However, I find the refusal of the People's Union and of the Flemish socialists to participate in the operation of the Study Center, which everyone recognizes could play a useful role in the search for solutions to our community problems, unspeakable. As for the PS [Socialist Party (Walloon)], it withdraws behind pious wishes for an agreement among all the French speaking parties to avoid taking its responsibilities now.

As a matter of fact, the goal of such a Study Center is to examine the problems as objectively as possible, and all its members should be able to make a personal contribution. Political negotiations on a possible reform will take place later, in parliament.

The Martens administration deserves to be given credit. That is indeed the intention of the CVP.

8463  
CSO: 3619/62

## MOUNTING PROBLEMS OF SHIPBUILDING INDUSTRY

Hamburg DIE ZEIT in German 25 Mar 83 pp 11-14

[Article by Heinz Bluethmann: "The Turn Toward the End"]

[Text] They all knew it was coming: "Just wait and see, after the election the cat will be out of the bag." Something had to happen; it was unavoidable. The docks were empty, no new orders had been received anywhere and half of the workers were at home instead of at work.

Nevertheless, the workers of the Howaldtswerke-Deutsche Werft AG (HDW) were horrified when they read the BILD newspaper on Tuesday morning after the election in Schleswig-Holstein: 4,155 dismissals, 2,397 in Hamburg alone. "Every other person will be fired." "Only 1 day after the election--such impudence." "You have to read it in the newspaper, that is the limit."

Workers who had been resigned to it and who had been expecting their pink slips hundreds of times came alive again. The ominous silence on the "prison island," the Hamburg HDW site on the Elbe island of Ross, was gone.

Two thousand five hundred hourly and salaried workers streamed to the workers council building. Only the workers council does not know any more than what is written in the newspaper. A rumor is going around. Somebody claims to have seen Klaus Ahlers, the chairman of the executive committee. They go to the "Palazzo di Proso," the administration building. "Come down! Come down!" Ahlers makes an appearance. Holger Mahler, the chairman of the workers council, hands him a megaphone. The chairman of the executive committee lectures on the global economic situation and the shipbuilding crisis. There is no word about layoffs. He could not talk about the dismissal of workers because the board of directors would have to be informed first. Interruption: "Why? Who is going to be dismissed? The board of directors or we?"

Last week it exploded with a bang, although rumors had been circulating for many years. The largest shipbuilding company in the FRG is planning to fire more than one-third of its workers. The order books are empty. And what makes it worse is that the other major shipyards on the coast are not doing any better; shipbuilding has become stagnant worldwide. Northern Germany's

tradition-rich shipbuilding industry has been caught in the whirlpool of the crisis and no end is in sight.

Coast politicians are not mincing any words when expressing their surprise. "It is scandalous," Volker Lange, member of the Hamburg SPD and senator for economics, says excitedly--uncommon for a Hansa member. Otto vom Steeg, district manager of the Metalworkers Union, calls the mass layoffs that had been feared for a long time a "catastrophe." And Bjoern Engholm, the leading SPD candidate who had just lost in Schleswig-Holstein, suspected that "a put-up job" was behind the latest bad news. It is possible that the election in the northernmost FRG state would have turned out differently if the voters had known ahead of time about the drastic cuts in the federally-owned HDW enterprise.

Of course, the Social Democrats in Hamburg and Schleswig-Holstein were not so much upset about the contents of the bad news as about the timing of the announcement: only 1 week after the Bundestag election and 2 days after the state legislature election.

Henning Voscherau, chairman of the SPD parliamentary group in Hamburg, was indignant, saying that it is "cynical and inhuman to keep layoff plans in the desk drawer for such a long time and not make them public until now." His biting commentary in the style of Heiner Geissler: "I can only call it a shipyard life."

No doubt HDW Chief Ahlers is heavily influenced by the CDU, because 74.9 percent of the shares belong to the federally-owned Salzgitter steel concern and 25.1 percent to Schleswig-Holstein, a state governed by the Christian Democrats. And of course politicians of all colors generally play by the rule that good news should come before the election, bad news not until the election is over.

But there was no such thing as a big secret, something that is being claimed by interested parties now that the HDW plan has been announced. Long before the people went to the polls--although it was not official--it was known that HDW wants to eliminate thousands of jobs and shut down all facilities on the Elbe involved in the building of new ships.

Who kept Engholm, Lange and Voscherau from using the HDW layoffs as an election campaign issue? None of the three--if they had any conscience at all--would have been able to promise the voters what they might have wanted to hear--there will be no layoffs in the shipyards--because in the meantime the gloomy prospects for the future of the shipbuilding industry spread to every one of the coast politicians. The loss of jobs at the HDW is only the beginning. The crisis has just begun.

The following account is particularly painful for the Social Democrats. Klaus von Dohnanyi, Hamburg's acting mayor, got involved with the HDW executive committee. One day before the election in Schleswig-Holstein, he received two gentlemen from the executive suite of the shipyard, who told him about the austerity plans in strictest confidence. Dohnanyi, a gentleman, kept his

word. BILD was less discreet and 3 days later it published the plan which had fallen into its hands. Dohnanyi, who was interviewed in New York by the HAMBURGER ABENDBLATT--another Springer-owned paper--could only state meekly why he "had to remain silent." "Without my word, the chairman of the executive committee and the chairman of the board would not have come to Hamburg."

Leading Social Democrats in Northern Germany are asking themselves, "Had Dohnanyi already accepted the idea of mass layoffs at HDW?" Voscherau criticized Dohnanyi: "Tactically, it was not a clever move," agreeing to a meeting before the election.

No matter what the move or what prior knowledge, the future of HDW is at stake and Hamburg is facing a change with an uncertain outcome.

"The next 2 or 3 years will be more difficult than anything we have experienced to date," fears Rainer Wollmann, chief of Emden's "Thyssen-Nordseewerke," one of the five big German shipbuilding firms. He deplores "the biggest hole in orders" that has existed for a long time. But employment concerns affect not only large shipyards. Peter W. Ilchmann, boss of "Nobiskrug," a medium-size shipyard in Rendsburg, is saying the same thing: "The battle for orders is becoming brutal and ethics are going haywire." But Ilchmann wants to stay in the game: "You have to be faster than the others--and you have to have friends."

And Norbert Henke, who only a few months ago took over the chairmanship at the Vulkan company in Bremen--which had been steeped in losses--cannot think of anything that is comforting: "There has never been a crisis like this one." Henke, who had left Howaldt--the leader of the industry--over a dispute in Kiel, is prepared for the worst. "This year is bad enough," he says, "but 1984 will be the bitterest year for us in the postwar period."

There are solid reasons for the alarming predictions by the three most powerful shipyard managers. Instead of the recovery and the order boom that was expected as recently as 1 or 2 years ago, a big calm has spread through the shipbuilding industry. World trade on the seas is declining, there is an oversupply of ships for all purposes and in all sizes and freight rates are depressed. No shipping company is inclined to order new ships.

The biggest surplus is in tankers. About half of the worldwide sea-transport volume was in petroleum--until 6 years ago. When prices exploded and the wave of energy conservation spread, this branch of business became unprofitable for shipping companies. Today petroleum transports by sea are 30 percent lower than they were at that time. The consequence is that tankers with a total capacity of 80 million tons are anchored and rusting unused. At one time, the building of swimming oil barrels guaranteed wages and bread for one out of two German dockhands; today not a single one earns his living that way.

Even when it comes to other types of ships, shipyards at the present time can only count on minimal orders from shippers, because the economy in the United States as well as in Japan and Europe has been limping for years. As a result there is no need for additional transportation. For 1984 and 1985, experts in

international shipbuilding leagues predict that orders for new ships will level off at between 11 and 13 million gross register tons per year--less than at any time during the last quarter century.

The capacities of shipbuilding nations in the Western world, however, are still twice the size of what is needed to fill expected orders, in spite of the fact that since the mid-1970s approximately one-third of the production facilities in Europe and Japan have been shut down. Because the average use of shipyard facilities is only half of available capacity, it is evident that new ships can be bought at lower and lower prices. Bitter price wars fought over each order for a new ship are the cause of it. During the past 12 months alone, prices dropped by as much as 30 percent.

Not long ago the Brand KG shipyard in Oldenburg complained about the loss of two multiple-purpose ship orders because the customer broke off negotiations. The reason he gave was that Schleswig-Holstein had offered more favorable financing. And not long ago one of the major shipyards, Bremer Vulkan, came close to ruin because Konkar, a Greek shipping company, did not want to take delivery of the two ships it had ordered. In order to interest a new customer or perhaps even the old one, the two freighters--which had already been reduced in price last year--had to be reduced by an additional DM40 to 50 million. The original price was DM210 million.

#### Korea Preparing for Expansion

"Today, if someone is waving from afar with an order," one shipyard manager groans, "he is received and courted like the emperor of China. And whatever the outcome, it is at best an order which will result in a loss only to guarantee some kind of employment." None of the German shipyards is currently working on an order which could bring a profit. The only companies that are still building ships are those which are willing to absorb losses and know how to tap state subsidy resources.

An important segment of former customers has almost completely stayed away. Foreign shippers, who a few years ago were still buying 70 percent of all the ships built in this country, are showing up less and less in German shipyards. Every shipbuilding nation is rewarding shippers when they provide employment in their own country. At times bans are placed on them and they are even forced to use the domestic companies. U.S. shippers, for instance, practically never place orders outside the United States; Spanish and Japanese shipping lines place 99 percent of their orders at home.

Even in the off-shore area, where the Germans have enough know-how to compete, they are hampered by the European oil countries, Norway and the United Kingdom. Both countries are using unfair practices against German shipyards--favoring their own companies--when it comes to new projects in the North Sea.

Werner Fante, manager of the Shipbuilding League, complains, "After all, we cannot build our ships only for Helgoland. We need open markets." "Protectionism of this kind," Wellmann, chief at Thyssen-Nordseewerk, says,

"reduced to practically zero the one-time flourishing export trade within Europe." The signs are pointing more to imports--thanks to Korea. Not long ago, for instance, Hapag Lloyd, the largest German shipping company, ordered three container ships from the new industrial nation. The Koreans offered prices that were 40 percent below the German competition. Wollmann was furious: "They are expanding their capacities like hell, losses are covered by the state--and we are left out in the cold."

In the meantime, even Nippon's shipyard managers have become leery of the offensive Korea, although they themselves used a similar cheap-price strategy during the 1970s to become the biggest shipbuilders in the world. While Japan and West Europe were closing down shipbuilding facilities, the Koreans prepared unconditionally for expansion. Within a few years they raised their capacity from 500,000 to more than 4 million gross register tons per year. It corresponds to approximately one-third of the current world demand.

The Koreans scored a giant success, because they granted cheap credit to shippers who were willing to buy and because their low prices did not have to face any competition. At the present time, their order books contain orders totaling 3 million gross register tons--three times as many as German shipyards. As a consequence, Korea has moved into position behind Japan and has become the second largest shipbuilding nation in the world.

As was the case with the Japanese, the Germans--managers and politicians--reacted in the wrong way to this challenge. The managers were hoping for too long a time that shipping companies would again order on a large scale and, since Japan and Korea could not build everything, a sufficient number of orders would fall into their hands. Their expectations proved to be false. Now the whining and howling have begun.

#### Reaching for the Watering Can

The politicians made the mistake of believing the managers for too long. Relying on an impending boom in the ailing industry, they continued their habit of generously applying the watering can filled with subsidies. Not long ago Bremen mayor Hans Koschnick figured out that during the last two decades DM12 billion in tax monies were poured into FRG shipbuilding companies.

The disadvantage of the watering-can principle is that all the companies received aid, no matter how competitive they were. The consequence is that outdated structures were cemented by the state. Shipyards that were no longer competitive were kept alive at the expense of the taxpayers. The industry failed to adjust to changed world market conditions at a time when the unemployment rate in this country had not reached the 2.5 million figure.

To be sure, shipbuilding firms in the FRG were constantly dismissing workers. During the mid-1970s as many as 70,000 wage and salary earners were employed in shipyards; today their number has shrunk to barely 50,000. Nevertheless, none of the six companies that are building large ships (HDW in Kiel and Hamburg, Bremer Vulkan and AG Weser in Bremen, Blohm & Voss in Hamburg and

Thyssen-Nordseewerk in Emden) closed down, although "big tubs" are no longer in demand.

None of the 94 ships which shipping companies ordered in the FRG last year can carry more than 50,000 tons: 73 ships carry less than 10,000 tons. Because suitable orders are almost nonexistent, large shipyards are occasionally building small coastal motorboats just to employ their people. Of course when it happens, it occurs on large docks that were originally intended for supertankers and bulk-goods freighters.

Consequently, because the fixed costs are much higher for these inadequately used facilities, large shipyards spend more money building small ships than medium-size companies do. Ilchmann, the head of Nobiskrug, calculated the cost in marks: last year medium-size shipyards like his spent a total of DM40 to 50 per production hour; the big competitors, however, had to figure on between DM60 and 75.

To be sure, Henke, as the head of a major shipbuilding company, puts the difference in cost somewhat lower ("I think, it is somewhere between DM10 and 20"), but this difference can run into the millions for a single order. The cost of building a multiple-purpose freighter with a capacity of 25,000 tons, for instance, is estimated at approximately half a million manufacturing hours. In a medium-size shipyard--according to Henke's figures--the same ship can be built for between DM5 and 10 million less than in one of the six large Federal shipyards.

But none of the German shipbuilders can realize any profits because of the ruinous competition from the Koreans and the Japanese. The only comfort for the small companies is the fact that the deficits of the large shipyards are much more dramatic than their own. HDW alone lost almost a quarter of a billion marks during the past 2 fiscal years. Ahlers, the chairman of the executive committee, stated in his austerity plan that without cutbacks "company losses would reach between DM150 and 200 million per year" for years to come.

Ahlers demonstrates the current gap between costs and profits at the HDW by presenting the following figures. At the present time, the market can bear only between DM25 and 30 in hourly labor costs. At the HDW, however, costs are somewhere between DM60 and 70. Consequently, in addition to shutting down new construction in Hamburg and dismissing 4,000 workers, Ahlers is proposing a plan--which still requires the consent of the board of directors--which recommends the elimination or reduction of above-standard wages and salaries, shift bonuses, hazard pay and tonnage monies, allowances for travel expenses, rents and company sports. But the money saved will only amount to DM8 million per year.

Guilty: "Miss Management"

The preliminary remarks to Ahler's 64-page paper on saving the company illustrate the precarious situation of the biggest FRG shipbuilding enterprise. "A radical return to exclusively healthy companies in this

industry," according to these remarks, would not only require the layoff of 4,000 people but also call for a "reduction in personnel of between 6,500 and 7,000 workers."

Ahlers, however, believes that he will not be able to afford such radical measures, especially because of political pressure and resistance from unions, which is already considerable. He had been selected by Ernst Pieper, the head of Salzgitter, who had searched for a long time for a person among German managers capable of restoring the ailing shipbuilding enterprise.

At any rate, there is already an enormous restlessness in the shipyard. "Well, that is the economic boom," one of the HDW shipbuilders says angrily in the meeting hall, and the men sitting around him nod silently. Some of them actually believed that things would turn around and that somehow or other orders would start to come in again.

"First they fire the old ones, then the handicapped and then the rest of them." At HDW, the average age of the shipyard workers is 43. Approximately 540 of them are severely handicapped; in other words, they have become disabled because falls, mangled arms and legs and broken disks are part of shipbuilding, just as crooked noses are part of boxing. There is an old rule of thumb: "One dead man per ship."

At the next table, three men are shouting angrily: "We always did good work, damned good work!" "They really do not want us to have any work, so they can close shop." In the future, Ahler's name should be spelled "Aalers--smooth as an eel."

As far as these workers are concerned, they know who is to blame for the decline of the shipyard. The executive committee and "Madam Rosa," its soothsayer, and "Miss Management," its assistant. For years the executive committee had promised a boom in shipbuilding orders by the end of 1983 and practically ignored alternatives. Holger Mahler, the chairman of the workers council, said the following: "If it no longer makes sense to build ships, one will have to convert to other things, such as boilers, tanks, incinerators. The executive committee never pursued these options consistently." Instead, DM500 million in reserve funds had been exhausted, and ships were launched at heavier and heavier losses. The worst example is the "Frankfurt Express," which earned DM120 million but which cost DM200 million to build.

Like the shipyard workers, Otto vom Steeg, the district manager of the Metalworkers Union, puts all the blame on HDW management ("So far Ahlers has not gotten a single order for a new ship") and announced "pressure on Bonn." The goal of the union leader is to obtain new subsidies from tax revenues to prevent layoffs and the demise of Hamburg's shipbuilding industry. For 5 years his motto has remained the same: "It is better to subsidize jobs than to pay unemployment benefits."

But even the workers council of the shipyard no longer believes in help from above. One of the most interesting side aspects of the crisis is that the workers council no longer blindly follows the Metalworkers Union but is



considering alternatives. It believes, for instance, that the Green Alternative List (GAL) in Hamburg would represent its interests better than the SPD, in spite of the fact that 17 out of 27 councilmen are SPD members; one of them is a communist and the rest are independents. In order to maintain the shipbuilding facilities on a temporary basis, the workers council is demanding a whole series of alternative HDW products, for instance, the construction of a floating power plant to explore natural-gas bubbles on the bottom of the sea.

Floating power plants are even environmentally safe. Holger Mahler said, "When we look at alternative suggestions, we consider especially ecological aspects, for instance, when it comes to desulfurization projects for coalburning power plants." It is no wonder that the GAL adopted the reorganization plan of the workers council, while the SPD--Mahler suspects--introduced a "watered-down" proposal to the citizens. Mahler said, "We are not insisting--Jobs are more important than anything--but we do not want to build tanks."

But Voscherau, the leader of the SPD parliamentary group, feels that "they are talking about pipe dreams. Nobody can create jobs that way." As far as he is concerned, there is only one alternative. The shipbuilding industry will have to die or it will have to be supported by the Federal Government "at all cost: subsidies and, if need be, even protectionism."

Volker Lange, Hamburg's senator for economics, says the same thing: "We will not agree to the proposal presented by the executive committee." It is the same as it has always been. The politicians are afraid of the consequences that might follow the closing of some of the major shipyards which have practically nothing to do and of saving senseless subsidies which would make survival a little bit easier for the remaining companies in the industry.

#### Always Asking the State for Help

In the process, state egoism is celebrating triumphs. It makes no differences whether they belong to the CDU or to the SPD, all the coastal politicians in Schleswig-Holstein, Hamburg, Bremen and Lower Saxony agree on one thing: cutbacks, yes, but, please, not here.

As early as 1979, the Hamburg Senate stopped Henke, then HDW chief, from shutting down his Elbe facility for new construction. It was nothing but a waste of tax money. This time, however, the Hansa politicians lack the decisive clout to block the Kiel plans once again because one of the seats on the board of directors, which had been transferred by the Federal Government to Hamburg and which is occupied by Senator of Finance Juergen Steinert, expires on 28 March 1983.

In Bremen, Mayor Koschnick made generous budget allocations and came up with imaginative tricks to prevent the collapse of two shipyards, Bremer Vulkan and Schichau-Unterweser.

During the last 2 years along, Koschnik had to intervene three times to keep the Vulkan shipyard from folding. In 1981, Bremen and the Federal Government stepped in and took over 25.1 percent of the Vulkan stock, because the costs for the Hapag-Lloyd cruise ship "Europa" had been estimated to be DM50 million lower than the actual cost and, furthermore, a loss of DM200 million had been incurred during the construction of frigates for the Federal Navy. At the end of 1982 the shipyard was again in financial trouble. Without a cut in capital and a subsequent replenishment--which cost the state DM13 million--4,400 workers would have lost their jobs at that time. Barely 3 months later, the state had to intervene again--this time the amount came to DM40 million.

But Vulkan is not the only problem child. The second major Bremen shipyard, AG Weser with 2,300 workers, is also suffering from a lack of orders. It has been months since this Krupp shipyard has been able to land an order. Negotiations are in process, calling for a merger of the two shipyards that cannot keep their heads above water. But that would take at least an additional DM150 million, and the taxpayers would have to foot the bill, because Krupp and Thyssen-Bornemisza (Vulkan), the private major shareholders, do not want to put another penny into a business which is losing so much money.

Shipbuilders have always stuck to the same principle. They intend to keep their own losses to a minimum and make the state pay. They point to the fact that even in 1877, when the high-speed steamer "Kaiser Wilhelm der Grosse" was launched at Stettin's Vulkan shipyard, Reichstag deputies were among the 30,000 people who cheered the launching. Pride in the flag, the emperor's belief that the future was "on the water" and German aspirations to become a world power resulted in preferential treatment by the state for the shipbuilding industry to a degree that had never been granted to any other industry, because the goal was to beat the envied Britons. Long before World War I there was a "steamship subsidy law." Alfred von Tirpitz, since 1897 state secretary of the State Naval Office, succeeded in playing on Kaiser Wilhelm II's passion for the fleet. The law had a positive effect on the industry.

When merchant-vessel orders declined for the first time, Tirpitz got the go-ahead to pursue his goal and build up the Imperial Navy. The Tirpitz building program, however, could not be accomplished by using only the available navy shipyards. Cruisers and torpedo boats were contracted out to a dozen private companies. The largest share went to Krupp's Germania shipyard--which also built the first submarines--the Howaldt Company in Kiel. Schichau in Danzig, AG Weser in Bremen, Stettin's Vulkan--which moved its major shipbuilding facilities to the Elbe--and Blohm & Voss in Hamburg.

### The Splendor of the Early Years

The armament boom continued and the building of merchant vessels also increased, from 117,784 gross register tons in 1910, to 378,906 gross register tons in 1913. Many of the medium-size and small shipyards flourished. In 1914 Blohm & Voss launched the "Bismarck," the largest passenger ship ever built in Germany (56,551 gross register tons, 2,145 passengers).

In June 1920, the Imperial Navy shipyard in the bay was renamed the "German Works Kiel." The new democratic state also provided generous support. A shipping company settlement law alleviated war losses, and the shipbuilding trust bank, which was founded in Hamburg, distributed subsidies. The shipyards were again providing full employment. In 1922, 195 ships with 575,264 gross register tons were built on German docks, more than during any year preceding the war, or approximately every fourth new ship built in the world.

In December 1924, following the time of inflation, shipbuilders went through a bitter experience. An attempt to deal with the overcapacity of the 44 (including 3 in Danzig) German shipyards which built sea-going vessels by using the mechanisms of the free market brought nothing but aggravation and failed.

In 1926, the Deschimag (German Ship and Machine Building AG) appeared on the scene. It was the result of a merger of the Hamburg shipyard, Stettin's Vulkan and the J. C. Tecklenburg shipyard in Wesermuende. The following year, Vulkan, the oldest major shipbuilding company in Germany, ceased its operations in Stettin. Since then, whenever shipbuilders were in trouble or facing bankruptcy, the rumor surfaced that Deschimag wanted to swallow all the small companies.

In August 1928, President Hindenburg christened the "Bremen" on Deschimag's Weser docks. The sister ship "Europa" was built by Blohm & Voss. Both of them were awarded the "blue ribbon" for the fastest ship on the Atlantic. Technically, the German shipbuilding industry did not have to fear any competition, because it had come up with new hull shapes, exhaust-steam turbines, high-pressure steam boilers and diesel engines.

But in May 1930, the Deschimag had to reduce its stock from DM25 to 14 million. Its private bank, J. F. Schroeder in Bremen, had been ruined by the collapse of the Nordwolle textile concern and closed its windows in July 1931. The global economic crisis also swept over the shipyards. In 1930 the number of shipyard workers still stood at 44,900; in 1931 it was down to 27,200.

In 1931, the armored ship "Deutschland" was launched in Kiel. It had been built by the German Works and was the forerunner of a new navy buildup. Soon the shipbuilding industry was controlled by the state to a greater degree than ever before. The goal was to increase the naval force and earn foreign exchange. In 1935, Germany again became second in the world as a builder of merchant ships.

To be sure, after 1945 German shipyards regained their old glory, but the inherited encumbrances remained: a wild array of subsidies and state aid to keep the industry afloat. Now even shipyard executives feel that it is getting out of hand.

Not long ago the Shipbuilding League formulated a refreshingly impolite statement and sent it "to the political authorities, asking them not to resist

employer decisions to close or reduce capacities and requesting that artificial efforts be dropped to keep alive companies that should be eliminated from the market by providing financial support or to form surrogate companies."

What the leaders of the league are trying to tell the politicians is to keep hands off of dying shipyards--otherwise nobody will survive the impending crisis.

#### The Golden Sixties

A foretaste of what may be in the offing was the final launching of approximately 1,200 HDW ships. The "Karsten Wesch," a puny 18,000-ton ship, glid into the water at the end of February 1983--without champagne or music. Formerly Tina Onassis had been standing on the very same docks, tossing "Dom Perignon" at powerful ship hulls. On this day there were red transparencies and defiant shouts "We want work."

Dieter Eckholt, an engine fitter, says, "At one time we did not even bother with such a small boat." He has been with HDW for 21 years and was in on the stormy 1960s. At that time ships were put together on the assembly line; every month there was a launch. Bigger and bigger ships left the docks: 80,000, 100,000, 150,000 tons. "The three Polish tankers were the biggest and the 'Tokyo Bay' was the most beautiful ship--two turbine plants," the 37-year-old shipyard worker raves.

Dieter Eckholt was never "one of the really big guys." But he did get in his 40 hours of overtime per month. He took home between DM2,300 and 2,500 net. After October 1982 it went downhill fast. First a 25-percent reduction in hours, then 50 percent. Now he still has DM1,700 per month. But his fixed expenses for a 4-week period are DM1,100, including rent, electricity, gas and credit payments. He figures that he will get DM1,100 in unemployment compensation. "How am I going to manage?"

As far as Eckholt is concerned, the uncertainty is worse than anything. "I wish they would throw us out right now, at least we would know where we stand. I would rather be the first one at the employment office than show up a year from now, as the 2,000th."

#### Rescue through Naval Ships

But the real reasons for this statement are disappointment and defiance. In reality, Dieter Eckholt still believes in the future of HDW: "There is still enough work. The Danes were enthusiastic about our platforms. And Saudi Arabia inquired whether we can build greenhouses. Of course, we can do it. Just let us have it."

Bjoern Engholm, on the other hand, is supporting a model which has been used in Sweden with some success--"adaptation through continuing education"--not putting the people out on the street but retraining them in the plant and

preparing them for production techniques that have a chance of being successful in the future.

The Social Democrats, however, are currently placing their greatest hope on the North German Shipbuilders Conference, which has been postponed again and again and which is now scheduled for the middle of April. Since no elections are in the offing, they are hoping that the four coastal states--Hamburg, Bremen, Lower Saxony and Schleswig-Holstein--will be able to agree on a rescue program and a common plan for future operations. Henning Voscherau wants to involve particularly the Federal Government: "Shipbuilding is for us what coal mining is for the Ruhr area."

The CDU, on the other hand, is pursuing such explosive alternative strategies as, for instance, the building of naval vessels. Hartmut Perschau, head of the CDU parliamentary group in Hamburg, has the following advice for the SPD: it should give up its "ideologically based objections to arms exports." Furthermore, HDW and Blohm & Voss should "work together."

Nevertheless, are all these factors adequate to guarantee the resumption of shipbuilding and repairs in Hamburg in the foreseeable future?

The most recent reports from South Korea are cause for fearing the opposite. Right now a repair facility is under construction with a capacity that will overshadow everything. Beginning with 1984, two additional large shipyards for building new vessels will increase the competitive pressure on Japan and Europe even more. Korea is already in a position to build specialized ships, for instance, chemical tankers. Next to naval vessels, they demand the highest standards of technology and the most elaborate know-how. If the Koreans should now be able to capture the market for specialty ships, only one thing would be left for German shipbuilders: the building of frigates, submarines and destroyers.

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## CHANCES FOR ECONOMIC UPTURN ASSESSED

West Berlin DIW WOCHENBERICHT in German 17 Mar 83 pp 146-149

[Article: "Federal Republic of Germany: Brightening Up--Yet no Upturn"]

[Text] In public discussion of overall economic development the concept of an "upturn" is beginning to push the heretofore predominant characterization "recession" into the background. The picture has brightened up in recent weeks. The same applies to foreign economic influences: the situation has eased in this area mainly because of a decline in oil prices but also because of the trend toward economic revival in the United States. As for the pronouncement on the domestic economic situation, it is typical that the economic indicator produced by the Ifo Institute in Munich on the business climate in trade and industry has pointed upwards since last autumn but, most recently, has still been in the so-called subcooling zone. However, it must be remembered that during 1981 this indicator already showed an upward trend which then abruptly broke off at the end of the year. The increase in real new orders for domestic capital goods in the last 2 months caused little surprise since it was expected by reason of the deferred investment bonus regulation. But this rise in orders was much less pronounced than that of mid-1975. As a result, the short-term effects on production expected from the rise must be judged cautiously. Because of the new level in the index for new orders, a changed picture has emerged. January produced no "hole" in orders for domestic capital goods as was generally expected but rather a continued increase in the seasonally adjusted rate. Overall the index stood at more than 30 percent above the level for the third quarter of 1982.

The meaning of this powerful rise for future production growth is difficult to evaluate at this time. The Federal Government did not want to exclude from its commentary, the fact that the surprisingly high January Level was based on the postreporting of those orders for which the investment bonus could still be claimed. The hole in the growth of orders would then be postponed by only 1 month, but an evaluation of the intensity with which the investment bonus has been accepted by the enterprises would have to be revised in a more favorable direction. In any case, the intensive rise extending over a 3-month period (November to January) led to an increase in orders, which made it possible for the companies to raise production levels.

In this connection, it should be remembered that the braking effects which were caused by the decline in foreign demand have diminished. On closer inspection, foreign demand for goods from the processing industries is certainly not yet demonstrating an unequivocally upward trend; increases in one product area alternated with new declines in other product areas, especially when one compares the rate of demand between raw materials and finished and capital goods. However, it should be taken as a positive sign that we can at least speak of stabilization so far as foreign demand is concerned. Against the background of improvement in world economic conditions--especially the trend toward a revival of the U.S. economy and the dying down of the shock over the payment difficulties of some Latin American countries--it can be expected that the current stabilization phase of real foreign demand will be followed not by a renewed decline but by a period of recovery. An upward trend in FRG exports and production can be expected on the basis of this rate of demand.

Moreover, the rise in construction most certainly will continue. New orders in this sector, which are especially pronounced in housing construction, have been pointing upward for over a year; as a result of the mild winter, a significant revival of production has even started earlier than expected.

Another picture emerges, when one considers the rate of turnover in retail trade. Despite the depressed growth in real disposable income in private households, the powerful real decline in retail sales after the middle of 1982 has not continued but has, on the contrary, been released from the grip of stagnation. According to the most recent reports there has been a revival of sales in durable goods since the beginning of the year (housewares, automobiles). The weakening of price increases, which has progressed rapidly since the beginning of the year, has contributed to this.

When all available information on the rate of demand and production in the most important economic sectors is taken together, it is evident that the long downward trend of the economy reached at the beginning of 1983. Thus was met one condition which prefaced most published forecasts for 1983, including those which called for a renewed decline in the gross social product at an annual rate for 1983. One must deal more cautiously with the opinion that recovery is just around the corner or has even already arrived. Today it is certainly relatively easy at first glance to see an economic recovery which corresponds to the formal definitions, that is, a rise in production tied to an increase in utilization of production capacity. The growth rate in production capacity has become so small in the meantime--1.5 percent for the economy as a whole, only about 1 percent for the processing industries--that with even a slight rise in production the rate of utilization of capacity starts climbing. However, expectations of even a delayed increase in the number of employed leading to an initial reduction of unemployment have not been borne out. On the contrary, the number of employed in the FRG has sunk at an increased rate in recent months despite the trend toward stabilization in production; the number of unemployed in February actually exceeded the feared high level of 2.5 million. After allowing for seasonal trends it was 2.2 million. Even a revival in production would not be able to stop the seasonally adjusted decline in the number of employed before

autumn of this year. In this connection it should be mentioned that, in the event of an economic recovery, the unusually high number of part-time employees—more than 1 million at last count—would at first increase, as a result of which the reversal in the employment trend would be postponed still longer than in earlier periods after a recession had bottomed out. In 1975/76, for example, it took 6 months for this to happen.

Consumer prices have developed more favorably than expected in recent months. In February the rate of increase was only 3.7 percent compared with the same period last year. The decline has thus been more rapid than was assumed in economic forecasts for this year. The price trend in the petroleum sector has certainly contributed considerably to this, but there has also been a strong improvement in the cost of producing domestic industrial products, which is the preliminary stage of consumer prices: 2.3 percent in January compared with the same period last year.

The favorable development in import prices of crude oil and petroleum products also strengthens the balance of payments on current accounts; the surplus position of the FRG which had built up in the course of last year also remained stable in the most recent period.

With regard to further foreseeable developments, however, the trends toward improvement presented above are not alone in importance; burdensome problem areas continue to prevail which will probably prevent a strong economic upswing emerging from the revival during the course of this year. For example, private consumption, even though it may not again sink at a seasonally adjusted rate, will nevertheless tend to be weak. The depressed growth in disposable income, which is partly due to the extremely small increase in salaries and partly to curtailment of transfers, leaves room for no other opinion here in the next few months. It is at least very questionable whether consumers will continue to return to their habit of saving, which already sank to a very low level in the fourth quarter of last year. This would be essential for a general revival of private consumption. Moreover, the pending mid-year increase in pensions will be reduced in significance for the real income of private households by the planned simultaneous increase in the value-added tax. A buttressing of the trend towards economic improvement by a palpable revival in real private consumption is therefore not in view.

This weighs all the heavier, in any case, when the low utilization rate of capacity is preventing the start of an investment upswing. Expansion of capacity, which would be essential for such an upswing, is hardly to be expected. Even the contracts granted under the investment bonus rule mainly concern goods with a relatively short life for which the procurement of substitutes and the rationalization motive dominate. The election results of March 6 are stressed as a positive influence on business investment trends. It should be remembered in this connection that business representatives took the position before the elections that entrepreneurial investment decisions are determined by economic considerations. This opinion was generally approved and indeed must even now, after the elections, be taken into account. Thus reference to the election results must not be given too much weight.



For the next wage round, contracts are being initialed which will bring lower rates of increase in most wage scales than a year ago. There will thus be further relief for management on the cost side. It is currently questionable, however, whether these contracts will be agreed on without great labor strife; if they led to larger strikes, they would certainly be more burdensome for investment trends than an additional few tenths of one percent in a wage contract.

The course which money policy has been following for more than a year and which has led to a significant decline in interest rates has, indeed, contributed to ending the decline in the overall economy and has made it possible for the construction industry to reverse the trend. Real interest rates, however, are still very high at the present time. They might still have too much of a braking effect on investments. The Bundesbank should, therefore, take the next step soon and reduce the prime rate again. There is no discernible danger that a new acceleration of rising prices could result from a further easing in the prime rate. The sharp competition among the companies, to which the low utilization of capacity and foreign competition are forcing them, is strong insurance against such a development.

All in all, many voices from the political and business sectors seem too optimistic about prospects for economic developments at this time. It would be dangerous to base economic policy decisions--including those which are rejected--on too optimistic a preview. Two things should be borne in mind:

--First, the strength of the 1976 upswing may have exceeded by far what awaits us in terms of a prosperous economy. At that time fiscal policy was lined up with a rigorous funding policy, and a break in the upturn came already in February 1977. An improvement in the economy should in no case be taken as a reason for a still more radical funding policy.

--Second, even in the event of a powerful upswing the high level of unemployment would be reduced only to an insufficient degree. For that reason the people smitten by unemployment cannot be left alone to their fate. For persons who have been unemployed for a long time even temporary employment can frequently have an extraordinarily beneficial effect on the maintenance of their capacity for the job search and their qualifications. The planned expansion of the measures to create employment does not in any way meet the actual requirements. Considerably more has to be done. The same applies to the additional measures for occupational training, especially for the unemployed young, whose number has meanwhile grown to over 200,000.

9827

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## ECONOMIC FORECASTERS AGREE: UPTURN TO START IN FALL 1983

Helsinki HELSINGIN SANOMAT in Finnish 22 Mar 83 p 26

[Article by Jyrki Iivonen]

[Text] Finnish economic forecasters and economic interest organizations expect a change in the economic situation by the end of the year. Production is expected to accelerate so fast that it may be called an upturn.

The economic experts are not eager to specify exactly when the turning point will come. Only the Finance Ministry's National Economy Department estimated that it would be between July and September of this year.

These past few weeks the forecasters have been straining their eyes staring at changes in the U.S. economy. They have been looking for positive signs with a magnifying glass.

According to the Finns, the fact that growth in the United States has been set in motion in an orthodox manner strengthens the belief in an upturn.

It is projected that construction industry indices will climb vertically and there is even brisk activity in the auto industry. Inflation has been forced down so far that it will be possible to introduce an easier money policy in the near future.

Recovery may spread from the United States such that it will be felt in Europe as early as the end of spring. In Finland recovery will not be felt before this fall.

This year will, however, be entered in the records as a year of slow growth. Even if production does pick up by the end of the year, the average growth for the year will be 2 percent.

Despite an increase in production, the employment situation will probably worsen in spring and summer. The situation just will not change until the growth rate exceeds the 3-percent mark.

### Real Upturn Next Year

The national economy experts agree that a real upturn will not be perceived until next year. At that time the rate of production growth will climb to 3 or 4 percent.

The surplus trade balance with the East is the biggest threat to a favorable development. If we forcefully balance trade, we will have to succeed in our export trade with the West beyond our expectations.

### Growth Rate of 1.5 Percent

According to the official National Economy Department of the Finance Ministry, the GNP will increase by only 1.5 percent this year. In the opinion of the chief of the department, general manager Pertti Sorsa, there is at this point no need for any other assessment, although by the end of the year the rate will probably have improved by about 3 percent.

Sorsa predicted that the turning point in the economic situation would be reached during the third quarter of the year.

### Relander Started It

The fact that Timo Relander, the managing director of the Industrial Confederation (TKL), was the first to start to speak of favorable prospects may be viewed as surprising in the discussion this spring. As early as February he announced that he could see light at the end of the tunnel.

In Relander's opinion, the upturn in the United States is a fact. He would not, however, dare to bet on when Finland will follow the rest of the world. Nor would he voice an opinion as to how long the economic high would last or how strong it would be.

Research chief Pentti Vartia of the Economic Research Institute (ETLA) agrees with Relander's views. He, nevertheless, wanted to caution us that neither a long nor steady upturn has yet occurred in the United States.

ETLA has forecast a 1.5-percent rise for this year and, according to Vartia, the institute will probably amend that appraisal in an upward direction.

A year ago the Workers Economic Research Institute wagered that this year's growth rate would come to 4 percent. The acting head of the institute, Heikki Oksanen, admitted their mistake, but explained it as being due to the favorable signs noted in the United States at the time, which, however, suddenly ended in high interest rates.

The institute's next forecast for this year will obviously be adjusted downwards. "I can't say within a half a percent, but it will probably fairly closely follow the Finance Ministry's impressions," he said.

Oksanen agrees with other views that the turn in the economic situation will come at the end of the year. However, he considers the United States' high real interest rates, which will probably slow recovery, to be a danger factor.

#### Debate over Direction

The prospects of a rising economy in the fall will probably provoke a debate over the direction economic policy is taking. Debate will be engaged in over the decision to adopt recovery measures agreed on in connection with the devaluation, among other things. Industry has received temporary reductions in social security payments and the return of the electricity tax as acquired benefits. Government representatives will scarcely swallow these hopes since the economic situation offers a good opportunity to balance the national economy.

A flexible foreign exchange policy will probably be debated in the fall. This time they will apparently discuss revaluation, which will be justified as parrying foreign inflation.

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CSO: 3617/88

## INFLATION EXPECTED TO REMAIN AT EIGHT PERCENT IN 1983

Helsinki HELSINGIN SANOMAT in Finnish 16 Mar 83 p 33

[Article by Kristiina Ritvos]

[Text] Price rises have been more restrained than expected in Finland. In February there were again fewer price increases than in January. The annual rate continued to remain at about 8 percent.

Economists are in general betting that the rate of inflation for the whole year will remain at 8 percent as things look now, that is, taking into account probable wage hikes. According to many economists, a fashionable inflation rate to aim for should adjust to about 6 percent.

Having offered a 10-percent inflation rate only a month ago, the Finance Ministry will probably have to change that figure in its next forecast. This may be one of the first times in history that we have a chance to accuse an official source of issuing inflation forecasts that are too high. Usually the smallest wager as to the rate comes from that quarter.

The Bureau of Statistics consumer price index registered only a half-a-percent rise in February. To be sure, February is often a quiet intermediate month since hikes introduced by the budget have been released in January.

In February price pressures were directed at vegetarians; that is, bananas, cucumbers, tomatoes, potatoes and carrots got to be more expensive. Of course, clothing and shoes also rose in price when reduced price sales came to an end.

The evolution of prices in February confirmed the impression that here we have clearly overestimated the price pressures of the October devaluation.

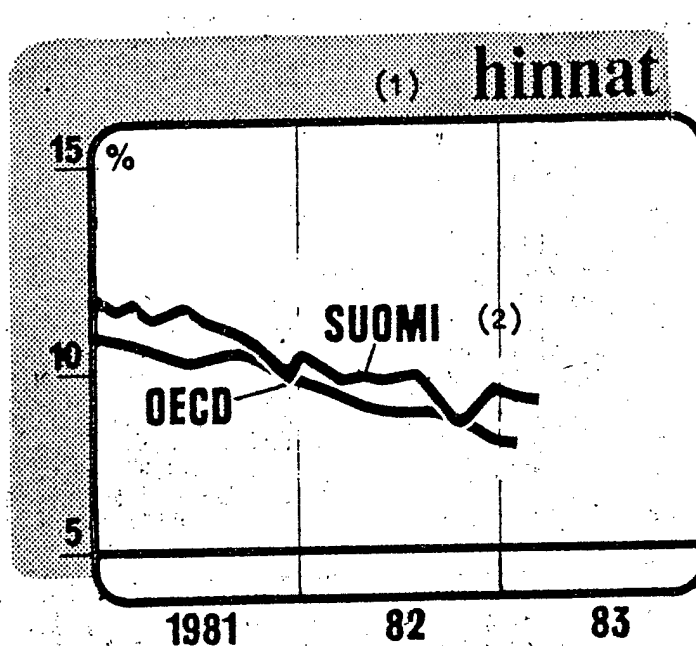
The economic situation has remained so gray that the devaluation has just not drifted down into prices. Among other things, they say that the Swedes have passed almost the whole benefit derived from the devaluation on to buyers.

This seems to be likely to happen here too; in January import as well as export prices also dropped. Since worldwide inflation is also lessening, foreign trade has not been fully hit by price pressures.

So far the reduction in the prices of oil products has not caused any fluctuation in the consumer price index at all since the price decision adopted at the end of February will not be felt until March.

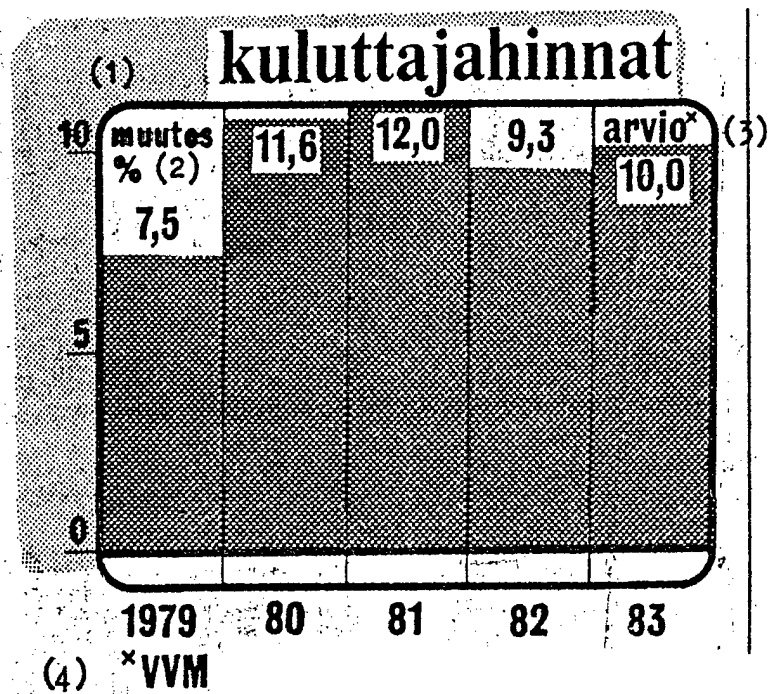
The inflation rate, which makes things nicer on the domestic market, does not help us on world markets since the inflation rate has been brought down to a point that is lower than it has been in years in almost all Western countries. The latest figure from January registers an annual price increase rate of 6.4 percent throughout the entire OECD area.

The inflation rate is also more active in the other Nordic countries than in Finland. Naturally Sweden, where official forecasts promise a rate of 11 percent for this year but the latest estimates are already predicting a rate of under 10 percent, is at the top.



Key:

1. Prices.
2. Finland.



**Key:**

1. Consumer prices.
2. Percentage of change.
3. Estimate.
4. Finance Ministry.

11,466  
CSO: 3617/88

## POLL FINDS ONE IN THREE READY TO CUT SOCIAL SERVICES

Helsinki UUSI SUOMI in Finnish 12 Mar 83 p 3

[Text] A third of all Finns would consent to a reduction in social services and a corresponding increase in assuming responsibility for them themselves. Raising the sales tax, which a fifth of the population supports, takes second place among ways of improving the national economy. Nearly a sixth of our citizens also are in support of doing this by raising income and property taxes.

Commissioned by UUSI SUOMI, Taloustutkimus Oy [Economic Research Company] has reported on citizens' views on ways of improving the national economy. A group of 1,017 Finns over the age of 15 were asked for their opinions.

The respondents had an opportunity to choose what they felt to be a suitable way of improving the national economy from the three options given. The alternatives were raising income and property taxes or increasing the sales tax and, third, cutting government expenditures and correspondingly increasing individual responsibility with regard to, for example, social expenditures and health care and education costs. A fourth alternative was to assert that all three ways were unsuitable.

Fully 21 percent of young people from 15 to 34 years of age would be ready and willing to improve the national economy by raising income and property taxes. Least enthusiastic about increasing taxes were those over 50 and the farm population, with only 9 percent of the former in favor of increases and only 5 percent of the farmers.

Raising the sales tax was favored particularly by male respondents, 29 percent of whom would improve the national economy in this way while only 19 percent of the women would. White-collar workers, fully 32 percent of whom supported this alternative, would be even more willing to raise the sales tax. Least sympathetic to raising the sales tax were the workers, only 16 percent of whom would be in favor of it.

Thirty-two percent of the entire population and fully 44 percent of the farmers would cut government expenditures and increase individual responsibility. Least in favor of this alternative were the workers, only 29 percent of whom backed the idea.



For 22 percent of the respondents, none of the alternatives that were offered were suitable. Seven percent of the respondents could not say which would be best.

#### Nonsocialists Would Cut Expenditures

Divided according to political preference, 40 percent of the conservative respondents supported cuts in government expenditures and an increase in individual responsibility. About 26 percent of those who favor the Left supported this alternative. Divided by parties, SKDL [Finnish People's Democratic League] supporters favored the alternative least with 19 percent of their number for it, and the most supporters for the idea were in the ranks of the Center Party and the Conservative Party, about 42 percent in both parties.

The largest number of supporters of a hike in the sales tax were also found in the ranks of the Conservative Party, fully 36 percent. Clearly most opposed to the idea were SKDL supporters, only 13 percent of whom would raise the sales tax. More SKDL supporters, nearly a third of them, than those of the other parties also rejected all of the alternatives offered.

#### Support for the Different Alternatives by Party Preference (percentages)

<u>Alternatives</u>	<u>SDP*</u>	<u>SKDL</u>	<u>KEPU*</u>	<u>KOK*</u>	<u>Other</u>
Raise income and property taxes	18	27	13	7	14
Raise the sales tax	28	13	21	36	23
Cut government expenditures and increase individual responsibility	28	19	42	42	35
None of these	23	32	16	14	21
Could not say	4	9	8	3	6

\* SDP=Social Democratic Party, KOK=Conservative Party, KEPU=Center Party

#### Support for the Different Alternatives by Occupation (percentages)

<u>Alternatives</u>	<u>All</u>	<u>Farmers</u>	<u>Blue-Collar Workers</u>	<u>White-Collar Workers</u>
Raise income and property taxes	16	5	19	16
Raise the sales tax	24	28	16	32
Cut government expenditures and increase individual responsibility	32	44	29	32
None of these	22	15	29	15
Could not say	7	9	7	6

11,466  
CSO: 3617/88

## UNEMPLOYMENT REMAINS AT SEVEN PERCENT IN FEBRUARY

Helsinki. HELSINGIN SANOMAT in Finnish 16 Mar 83 p 33

[Text] The unemployment rate remained practically unchanged in comparison with January. At the end of February there were 165,000 unemployed, 7 percent of the labor force, seeking jobs at employment agencies.

Of the unemployed, 23,900 had been laid off. The number of those laid off since January increased by 5,000.

Last February unemployment increased in all other occupational categories except construction work. Quantitatively most of the increase is in industrial and elsewhere unclassifiable occupational categories. The increase has been relatively more rapid in the lumber industry. A year ago there were 152,900 unemployed.

A year ago February unemployment increased both quantitatively and relatively most in the Tampere labor district. It increased 20 percent there. In Turku unemployment even let up a bit. The highest rates of unemployment are in the northern and eastern parts of the country.

In 8 of the 12 labor districts the unemployment rate is already at least about 9 percent. The unemployment rate is clearly lower in the Helsinki labor district than in other areas.

A year ago there were 22,000 laid-off workers. Most of those who have been laid off are now in Tampere. At the end of February 15,900 people, or 2,000 less than in January, put in a shortened work week.

At the end of February 9,000 available jobs, which is 200 less than a year ago, were reported to employment agencies. Since January that amount has increased by 200.

There were 42,600 unemployed under the age of 25. This corresponds to 30 percent of all unemployed who have not been laid off.

11,466

CSO: 3617/88

## DRACHMA DEVALUATION REPORTEDLY NOT SHOWING DESIRED RESULTS

Athens I KATHIMARINI in Greek 7 Apr 83 pp 1,3

[Text] The devaluation of the drachma has not brought the expected results and the government finds itself in a dilemma whether to resort to new measures to support industrial production, which remains stationary, and exports, which are in a slump. According to the latest study by the Industrial and Economic Research Institute, based on the estimates and forecasts by the industries, the relative improvement which appeared in January did not continue. On the contrary, in February, the forecasts and estimates again showed a slump, with the result of a decline in the business index of 6.5 percentage units thus returning to the December 1982 levels.

The main characteristic in February was the weakening of the forecasts and their again sliding to low levels. Also indicative of the general climate is the fact that the recession involves forecasts for such basic industrial volumes as production, sales and exports.

The worsening of the forecasts for the progress of industry in Greece is taking place at a time when the prospects of an upturn in Europe are getting better; thus, our country is in danger of becoming economically isolated.

As a matter of fact, the investment prospects of 1983, according to recent studies, appear more favorable for the EEC countries as a whole when compared to 1982; the aggregate investment programs, however, are still considered to be remaining at low levels. The projected increase of investments in industry for all of the EEC countries is calculated to be in the order of 8 percent at current prices, while the corresponding increase in 1982 was only one percent. (More details on the economic page).

The reason of the Greek industry remaining in the grip of recession is basically the result of the government's policy, which, with its continuous wavering, has caused a very deep shock wave in the psychological climate, its main characteristic being the lack of trust.

#### Credit Scarcity

The problems of industry are becoming more acute because of the effect of a series of factors among which the most significant is the scarcity of credit, which does

not allow business to develop production because they do not have the necessary working capital to purchase raw materials, to pay wages, etc.

It is characteristic that, under the influence of the incipient economic recovery in Europe, the increase in orders for the local mining enterprises cannot take place because of a lack of working capital. The commercial banks cannot cover the needs of the business because the government, with the hard money lending program which it has imposed, prevents them from having money available for granting the necessary loans.

The paradox in the credit policy is that while businesses are being choked off because of a lack of liquidity, the government is imposing upon the banks the blocking of significant funds destined for investment initiatives.

9731

CSO: 3521/259

## STATISTICAL ASSESSMENT OF NATIONAL UNEMPLOYMENT

Madrid TIEMPO in Spanish 11-18 Apr 83 pp 42-45

[Article by C. Baztan: "The Government, Impotent Against Unemployment"]

[Text] In its electoral program, PSOE [Spanish Socialist Workers Party] promised to create 800,000 jobs during the legislature, but it did not reveal how and when it would create them. Now that it is in the government, it realizes that unemployment has not as yet bottomed out: it will reach 2.5 million jobless as a minimum, and it will not be possible to start reversing the trend (that is, to recover employment) until the end of 1984 or the beginning of 1985.

In the Ministries of Economy and Labor, groups of experts have prepared tables forecasting the progress of employment over the medium and long term, to which TIEMPO has had exclusive access. The data are devastating: unemployment will continue to increase until there are 2.5 million jobless, a figure that will be reached in late 1983 or early 1984. After those dates, it is expected to be able to curb the drop in employment and to stabilize the trend; and the recovery of jobs will not begin until the end of 1984 or the beginning of 1985.

The government is distressed, because unemployment is still a bottomless pit. A member of the government has stated: "On the assumption that we shall create 200,000 jobs this year, the incorporation of a few women and some emigrants alone would increase the unemployment. Not to mention the youth, who have an annual balance of 140,000 individuals in excess of the retired persons."

The fundamental cause of the apparently unstoppable increase in the unemployment figures will not be (as it has not been) so much the loss of jobs as the increment in the active population. The forecasts of the Ministries of Economy and Labor indicate the maintenance of the employed population (a trend that has been noted since the fourth quarter of 1982 and which might even improve if the public sector makes the effort in investment), but also the invasion of the job market by sizable numbers of the active population.

For this reason, the experts in both ministries are proposing not only the creation of jobs, an endeavor that will be incumbent on other departments (Public Works,

Industry, etc.), but also methods for checking the new entries from the active population, which in Spain amounts to 13.159 million persons at present, of which number only 10.739 million are employed (as of January, according to the National Statistics Institute, there were 2.304 million jobless).

The Labor Ministry experts claim that the solution for checking new entries from the active population "must be studied, and then carefully monitored, because they bring about an increase in the state's running expenses which could skyrocket.

"They have not yet been quantified, but they would rise by several billion pesetas."

Nevertheless, the government is seriously exploring the possibility of extending the period of compulsory schooling (which delays the entry into jobs by young generations, something that had already been considered by the UCD [Democratic Center Union] governments), decreasing the retirement age, not promoting the return of emigrants to Spain and curbing women's access to the job market (not that of the young generations, but, of course, that of the adult women who have not worked or who have left their jobs).

#### Let Them Stay at Home

Some measures may materialize soon, such as the increase in the age for compulsory schooling from 14 to 16 years; although the Ministry of Education has not yet determined what courses would have to be taken during those 2 additional years. In the view of the Labor Ministry, "Proper planning is needed: studying the society's demands for schooling and then, concurrently, promoting certain types of education, the ones whose professionals will be demanded by the job market. Otherwise, without planning, we would be repeating the current useless and socially unsatisfactory system of occupational training."

The curbing of the active population by means of a reduction in the retirement age is also under consideration by the government, although its effectiveness has been questioned. In the Labor Ministry, they claim that "it has a very high price," not only because they start receiving pensions, but also because they stop providing revenue for the Treasury and contributions to Social Security.

During 1983, in Spain, early retirements are writing off jobs. With ANE (National Employment Accord), which went into effect in 1982, only 200 jobs were generated, while the retirements totaled 30,000.

A policy that encouraged the return of emigrants to Spain would sharply increase unemployment. "It is only fair for them to return to their native land, but they should realize that they will survive only if they manage to establish themselves as independent persons, because the country is not in a position to assimilate them."

In the immediate future, being a woman may represent the most direct ticket for becoming unemployed. It is true that, of the large population of 14 million Spanish women over 16 years of age, only somewhat over 3 million work (the number of Spanish males over 16 years of age is 12.633 million, of whom 7.5 million work);

but their mass-scale entry into employment would prove impossible to absorb, particularly after several years during which many of them have left the job market. In the Ministries of Economy and Labor, no one was willing to become involved in TIEMPO's questions on the subject, and only one asked, in turn: "Does anyone know what would happen if a million inactive women started seeking employment?"

In any event, rather than discouraging work, the government's idea is to create employment wherever and however it can; and for this, too, a series of important measures has been planned.

Based on the principle that, in order to create jobs, investment must be fostered, the government is seeking to create suitable conditions for the private sector's investment; because the state's capacity for doing so has one obstacle: its effects are slow.

#### How to Create Employment

In this connection, the government already has a plan to reform the financing of social security, starting with a reduction of the rates of contributions from business firms until they are equalized, percentagewise, in terms of tax burden, with those of the Western European countries in 1986. The cabinet has the deep-seated conviction that, until the business firms' contributions to social security are reduced, even though this alone will not suffice, business owners will not invest a duro. Complementing this, the government has estimated that the implementation of the Value Added Tax (VAT) will also promote investment, upon the abolishment of direct payment of contributions to social security.

Among technicians, the new Socialist administration is also convinced that "there is an urgent need to tighten belts. Business owners and the workers, in particular, must understand that, in the future annual agreements, the wage scale will have to be considerably lower than that agreed upon in 1983."

Concurrently, consideration is also being given to a measure for regulating the flexibility of personnel rosters, for which business owners have been yearning a long time. Finally, included in the group of measures being studied by the government to create employment is that of a cut in the cost of money to generate investment and to offer business owners expectations of profit; something which is considered essential nowadays by the experts in the Ministry of Economy.

The impressions among the technicians are not so encouraging as that conveyed by the president of the government, Felipe Gonzalez, at the press conference on the first 100 days, when he claimed that "the crisis is bottoming out." But, from that same standpoint, with the data and forecasts in view, they completely reject the catastrophic opinion of the opposition leader, Manuel Fraga. They claim: "There is no technical justification for our reaching 3 million unemployed by the end of this year."

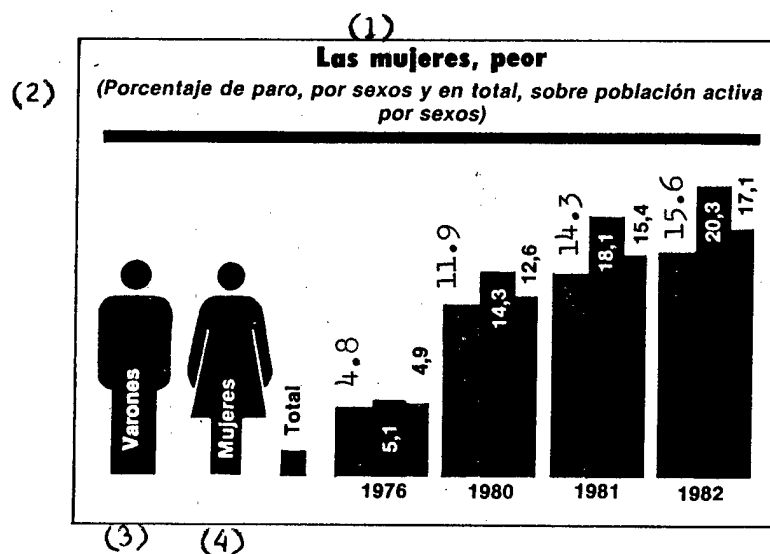


Table 1.

Key:

1. Women, worse
2. (Percentage of unemployment, by sexes and total, out of active population by sexes)
3. Men
4. Women

(1)  
**Estudiar ya no asegura un puesto**  
(2) (Tasa de paro por nivel de estudios)

	1976	1980	1981	1982
(3) Sin estudios y analfabetos	5,5	11,2	13,0	
(4) Estudios primarios	4,0	10,2	12,6	
(5) Estudios mayores y ant. sup.	7,4	19,6	21,0	
Estudios superiores (6)	5,0	10,6	15,5	
Total	4,9	12,6	15,4	17,1

Table 2.

Key:

1. Schooling no longer guarantees a job
2. (Unemployment rate by schooling level)
3. Without schooling and illiterate
4. Elementary schooling
5. Secondary and college preparatory schooling
6. Advanced schooling



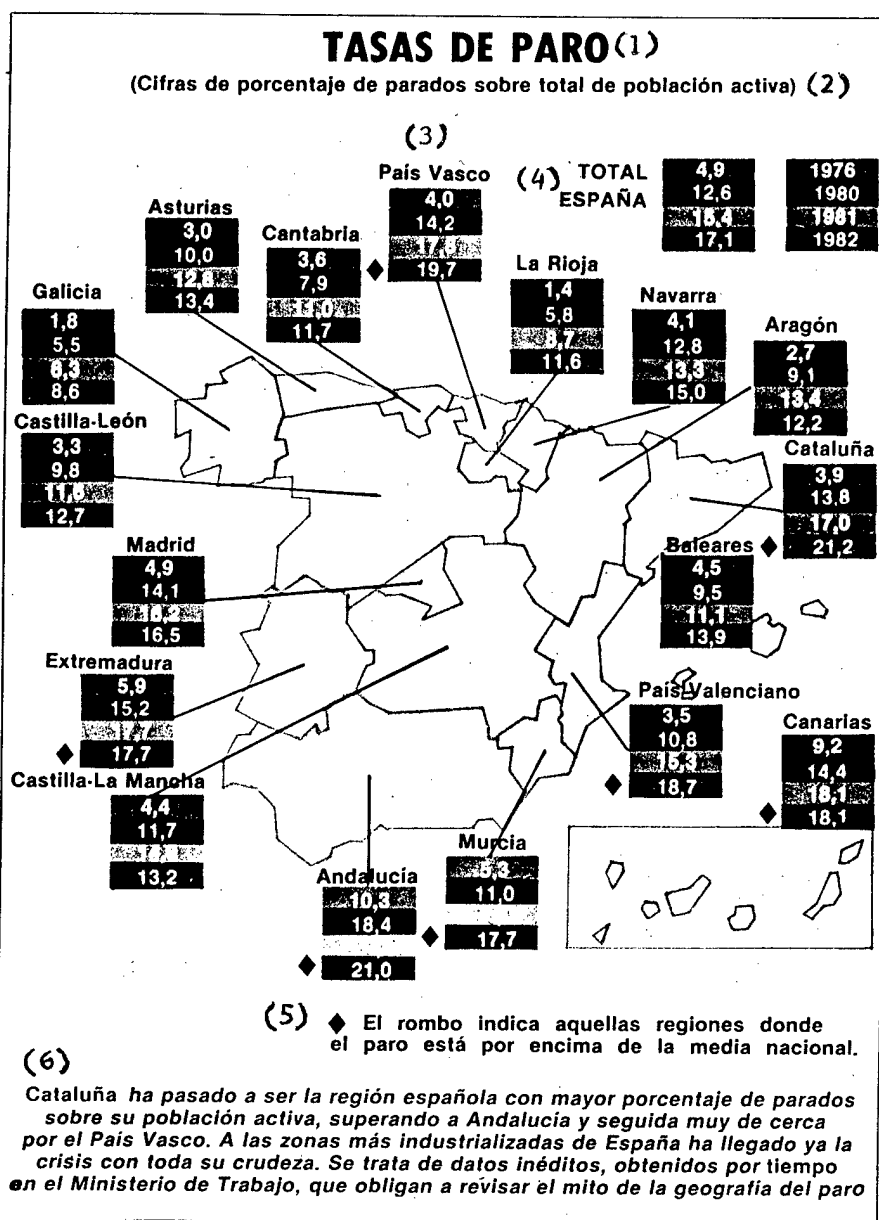


Table 3.

Key:

1. Unemployment rates
2. (Percentage figures of unemployed out of total active population)
3. Basque Country
4. Spain
5. The diamond indicates areas where unemployment exceeds the national mean.
6. Catalonia has become the Spanish region with the highest percentage of unemployed in its active population, exceeding Andalucía and followed very closely by the Basque Country. The crisis has reached Spain's most industrialized areas, with all its severity. These are unpublished data obtained by TIEMPO from the Ministry of Labor, necessitating a revision of the myth concerning the geography of unemployment.

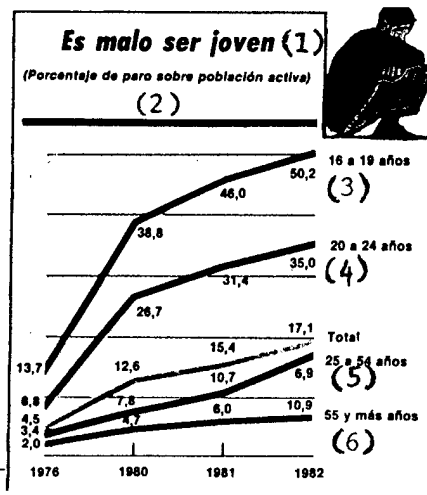


Table 4.

Key:

1. It is bad to be young
2. (Percentage of unemployment out of active population)
3. 16-19 years

4. 20-24 years
5. 25-54 years
6. 55 years and over

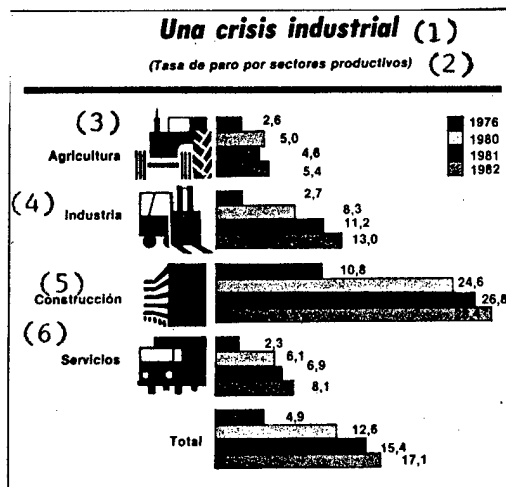


Table 5.

Key:

1. An industrial crisis
2. (Unemployment rate by productive sectors)
3. Agriculture
4. Industry
5. Construction
6. Services

2909

CSO: 3548/361

## NEW EEC PROPOSAL ON SPANISH CUSTOMS DUTIES

Madrid EL PAIS in Spanish 8 Apr 83 p 47

[Text] The European Commission has made a decision to draw up a new proposal, soon to be presented to the cabinet, regarding negotiations on customs duties between Spain and the European Economic Community [EEC]. The commission's new proposal contains two basic principles: first, it grants a transition period of 7 years after Spain's admission into EEC for both parties to totally eliminate customs duties in the industrial sector and secondly, before such admission, Spain would institute certain reductions in some of the highest customs duties which it currently imposes on EEC products.

It is the opinion of the commission that this proposal will work toward resolving two separate problems. On the one hand, a compromise will be reached to cover the transition period in the industrial sector where there has been no agreement as yet; and on the other hand, it will reduce the existing differences in customs duties imposed by the two countries.

The commission has taken a compromise position in the dispute since Spain, maintaining the position that its industry cannot keep pace in competing with EEC, had requested a transition period of 10 years, while EEC, believing that current differences in custom duties are unacceptable, asked for a transition period of only 3 years.

The European Commission also believes that too short a period would create serious problems for Spanish industry which would have a negative effect during a transition period. In proposing 7 years, the commission points out that the elimination of customs duties could begin with a 20 percent reduction the first year, with 20 percent at the beginning of the second year and 10 percent each consecutive year, so that by the beginning of the eighth year, customs duties would be completely eliminated.

#### Spanish Industry

With regard to Spanish customs duties, which are especially high and which this proposal by the commission attempts to reduce, EEC recalls that when the agreement under which these customs duties were established was signed in 1970, it was not expected that Spanish industry would be very competitive.

It is now believed that the situation has changed dramatically and that in many areas, Spanish industry is fully competitive, and while EEC products are frequently taxed with duties of 25 to 30 percent, Spanish products are rarely taxed at more than 10 percent by the EEC, generally between 3 and 6 percent.

The Spanish Government has always refused to review or negotiate any modifications in the 1970 agreement, arguing that the inequalities might disappear as soon as Spain were to be admitted, and therefore, the problem would be solved by speeding up negotiations for admission into EEC.

9787

CSO: 3548/336

## ANALYSIS OF ISSUES FACING HARPRESSED STEEL INDUSTRY

Madrid MERCADO in Spanish 8-14 Apr 83 pp 22-27

[Article by Miguel Angel Noceda: "Solchaga: The Siege of Sagunto"]

[Text] The restructuring of the iron and steel sector has confronted Solchaga and his staff with a difficult commitment. They must achieve the maximum amount of profitability, and this leads to personnel cuts and even the closing of plants. Nevertheless, in the test begun at Sagunto, his besieging received a response from an entire town, and he has had to back down, for the moment.

It does not require much review. Under the Socialist sky, the dense smoke from the high stacks of Spanish blast furnaces continues to dim the broad bases for hope that had been established 2 years ago, when the sector's restructuring was planned. The same problems, the same crisis...but one for which the officials of the present Ministry of Industry and Energy, headed by their chief, Carlos Solchaga, will have to provide new winds, in order to change the course and dispel the haze. At the present time, they have two pieces of evidence, in this regard: There is a surplus of about 10,000 jobs in the three large centers (Ensidesa [National Iron and Steel Enterprise, Inc], Mediterranean Blast Furnaces and Vizcaya Blast Furnaces), and total production exceeds consumption by nearly a third. These are two obstacles which the previous administration could not (or did not know how to) surmount, and which the current one will have to take on, and resolve as soon as possible.

So, what is involved is the future of that labor employed in the iron and steel industry as a whole (nearly 40,000 workers in the three aforementioned firms combined), and the means of optimizing Spanish production with respect to sales, so as to adjust both sides and, over the short/medium term, prevent the red figures from flooding the sector. Last year, the losses of these entities amounted to about 50 billion pesetas, and they have increased in recent years; which proves that the measures adopted (or not adopted) by the administration have been futile. Herein lies the crux of what confronts the Socialist cabinet: How to prevent that constant increase? According to the early forecasts, the optimal production figure for reaching a profit threshold in 1985, for generating funds totaling between 12 and 14 percent of the billing and for making that profitability complete by 1990 would be 7 million tons in 1985; accompanied, over the years, by the making of various investments among those regarded as basic for resolving the situation.

According to Carlos Solchaga, the latter is sufficiently clearcut to make it possible to devise the lines of action. In his own words, at the meeting which he held in early March with the Restructuring Plan Monitoring Commission (trade unions and companies), and subsequently with the press, which was also attended by Eduardo Santos, general director of Iron and Steel-Metal Industries, "the government intends to carry out the 1981 agreements"; in other words, to continue the financial stabilizing, to cut wage costs and to continue the necessary investments, in addition to other agreements of a labor nature that will obviously be reflected in a systematic reduction in personnel rosters. In this connection, the previous government cut wage and financial costs by only 2 points, instead of the 9 that it had planned. Similarly, the basic investments which had been announced have been set aside.

This is something which the Socialist team apparently does not wish to repeat, but which it will have to negotiate. Solchaga's position does not mean, as he himself stated, a renegotiation. Perhaps for this reason he urged the monitoring commission to decide on its definitive plans before 1 July, as the only alternative available through a decree-law. These plans are focused on a multiple control panel which had its beginning with the negotiations of the labor issues (wages, work day...). Subsequently studied were the basic investments and, lastly, the possibilities of a temporary closing of certain plants (or part of them) and of personnel cuts.

In this respect, the minister has already disclosed that, within a short time (perhaps not beyond 1990) it will be possible to undertake the temporary closing, to become definitive later, of a plant if the government and the commission consider it feasible. This would be one of the means of achieving the goals of cost reduction and the attainment of profitability. And the first measure, perhaps the first precipitous move by Jose Maria de Lucia, president of Ensidesa and of Mediterranean Blast Furnaces (AHM), has been the announcement of a reduction in activity at AHM, the third-ranking of the three blast furnaces in disagreement, amounting to 20 percent of its total capacity. The news triggered the anger of the workers and unions, particularly the Workers Commissions [CCOO], which stopped working for several days, and even held Lucia in the entity's offices in Sagunto for 10 hours. The only possible solution (second precipitous move?) was to back down and promise (this was later stressed by Felipe Gonzalez himself during his visit to the Valencian president, Joan Lerma) that the activity would be at between 90 and 100 percent of the total capacity. The unions were in agreement with this accord, with which, however, there will probably continue to be surplus steel.

### The Wages, Challenged

Following the events in Sagunto, a town in which the majority of the population depends on the blast furnaces, with over 4,000 workers, the negotiations between unions and companies were started. In them, there has been evidence of how UGT [General Union of Workers], which has emerged a winner among all the combined iron and steel companies, was forced to reach an understanding with CCOO, which has a sizable representation in addition to having an advantage in AHM. Similarly, both forces have succeeded in making the business owners yield to their petitions, although not completely. Throughout the past 2 weeks, meetings have been held to devise the wage and the work day as a starting point for framing the collective bargaining.

Monday, 28 March, was D Day, after several bouts of going to extremes on both sides. The positions at the table were virtually in agreement. To achieve this, some days earlier the management side had to yield to the threat of a strike on 24 and 25 March. Although victorious, in the end, CC00, with the view that "the government has not dispelled many doubts and was not being allowed to negotiate the previous agreements in a downward direction," gave up its petition to maintain, in a unified fashion, the proposed contract for 1 year and a wage with an 11 percent hike, and agreed to the alternative of 3 years, although "considering work day reductions from year to year, and guaranteeing the worker's purchasing power."

Thus, the wage revision has been set at a 10.5 percent increment for 1983, a 95 percent official increase in the Consumer Price Index (CPI) in 1984, and a 100 percent increase in that CPI in 1985, with the appropriate revisions based on the stipulations contained in the Interconfederal Accord. At the outset, the companies requested a 9 percent wage hike, which they later changed, when the contract was made for 3 years, to 9.5 percent for 1983, leaving possible national agreements for the following year, subject to revision.

The most divergent positions are those in the realm of the work day. All are agreed on accepting the 40-hour week this year, which means an annual computation of 1,834 hours. But what was not left so clear was whether, by 1984 and 1985, there would be the question of the 1,800 and 1,774 hours per year (26 fewer hours each year), as CC00 had proposed; which the business owners were unwilling to accept, but which the others considered irrevocable.

#### A Compromising Future

Now, it is the time for negotiations to establish the basic investments in the various centers. In this regard, although there is a possibility that the state may convert its economic contribution into capital stock, the latter would not take place until the reconversion process had been completed. In any event, it is the ministry's intention to agree, as soon as possible, to an expenditure that would provide for concrete action. It is on this issue that the Socialist position will be stated and, predictably, where the unions will have the most difficult battle. The latter is being posed at present by the possibility of the closing of some centers and by whether or not there is a need to install new hot band equipment (TBC) to replace the two units currently existing at Aviles and Ansio, which otherwise would be modernized.

At present, the only prospects are those offered by the division of Iron and Steel-Metal Industries under a 3-year plan for 1983-85, at the end of February of this year. According to this plan, 110 billion pesetas would be invested to provide the sector with a suitable capacity for its total utilization. The 110 billion, which would be the first portion of a total of 500 billion to be spent up until 1990, would be distributed as follows: 60 billion for Ensidesa, to be used for a new steelworks to replace the other two, with a capacity of 2.5 million tons per year, which, with that at Verina, would complete the five stipulated for this company; another 42 billion would be for Vizcaya Blast Furnaces (AHV), where there would be investment in modernization of the present steelworks, installing three converters, each for 100 tons, and reaching a capacity of 2 million tons per year;

Table 2. Consumption and Foreign Trading of Steel in Spain (thousands of tons of equivalent steel)

	1974	1978	1980	1981	1982*
Apparent consumption	11,793	8,440	8,652	8,406	8,300
Imports	1,606	1,013	1,682	1,488	2,000
Exports	1,068	5,454	5,927	6,555	6,300

\*Estimate

Table 3. Loss of Jobs in the European Iron and Steel Industry (comparison of 1982 mean employment with 1974 mean employment)

1974 Man years	Country	No. of persons	Mean unemployed % in 1974
230,600	Federal Republic of Germany	-49,160	-21.3
155,700	France	-58,900	-37.8
96,000	Italy	1,830	-1.9
23,800	The Netherlands	-3,300	-14.0
63,600	Belgium	-20,410	-32.1
23,400	Luxembourg	-10,100	-43.2
197,700	United Kingdom	-115,580	-58.5
800	Ireland	-160	-20.0
2,700	Denmark	-1,020	-37.8
792,100	Total EEC (9)	-260,490	-32.9
75,095	Spain	-9,095	-12.1
27,143	Ensidesa	-4,598	-16.9
4,692	Year of AHM	-641*	-12.9
12,146	1975 AHV	-762*	-6.3

\*Difference from 1975, the date on which LL was included and AHM-AHV were broken down.

Table 4. Financing Sources

	Spain	EEC	Japan
-Own funds (capital + reserves) (%)	15	38	16
-Outside funds (medium and long-term loans) (%)	85	62	84
Financial charges/billing (%)	12-20	4-9	5-6
Personnel cost/billing (%)	30-35	20-30	15-16
Profit and loss/billing (%)	(-15)-(-40)	5-(-20)	4-6



and finally, at AHM the cold rolling equipment would be developed with the installation of electro-galvanizing equipment and annealing furnaces, with a total of 8 billion pesetas. A total of 7 million tons, as noted, would be attained, although AHM would be clearly excluded.

This was something that was promptly detected by the trade union groups in the latter firm. They consider the installation of the TBC in Sagunto valid, but such a possibility is still far removed in the administration's view, at least until 1990, as Solchaga has already stated, precluding it. The most likely occurrence, and the investment prospects appear to indicate it, is that the option will be to modernize the two present TBC which, according to official spokesmen, would cost the state three times less than one new one would cost: in other words, about 65 billion pesetas.

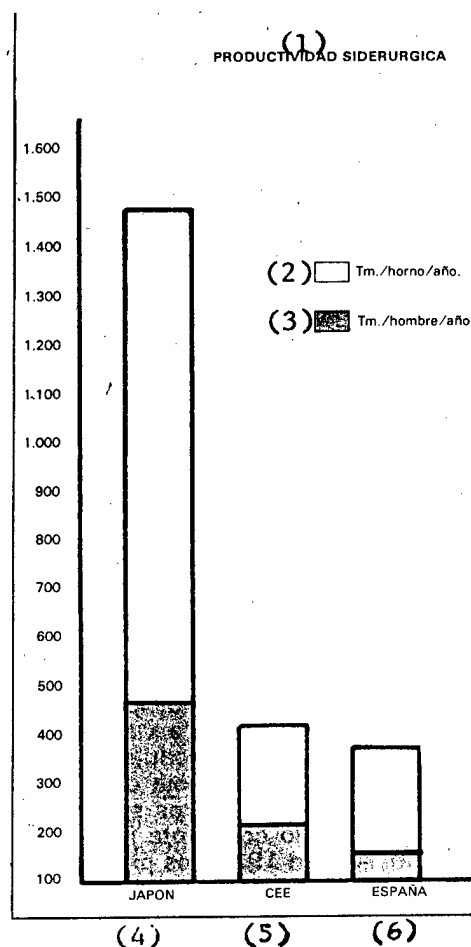
But the worst thing for the defenders of Sagunto lies in the uncertainty about the company's future after the lack of guarantees indicated by the minister: "The three entities which are operating now cannot continue over the short term." To CC00, this is an underhanded way of saying that the closing is imminent. Then, it's every man for himself; because what seems more than obvious is that Sagunto is on the pillory, and could become famous for the second time in its history, with the over 4,000 employees on the street shouting against the government.

In the eventuality that the closing did not take place, what remains to be seen is where the 10,000 surplus jobs, representing a quarter of the total in the basic iron and steel industry, will be taken from. To absorb that sizable number of unemployed, it is planned to create, as a lesser evil, an employment fund with a new type of company. Administration sources claim that this figure might be lower and they hasten to make a comparison with the decline that has occurred in the EEC countries in recent years. Taking 1974 as a starting point, the percentage of layoffs in the EEC has been 32.9 percent, whereas in Spain it has been 13. But, whereas in Spain the utilization of production capacity has been kept at 88 percent, in Europe it has been declining, and in 1982 it was 57 percent.

Table 1. Steel Production in Spain (thousands of tons)

Processes	1974	1978	1980	1981	1982*
Integral:	7,392	6,524	6,419	6,544	6,350
Siemens	1,372	608	634	601	420
Conversion to oxygen	6,020	5,916	5,785	5,943	5,930
Non-integral: electric	4,084	4,821	6,224	6,352	6,750
TOTAL	11,476	11,345	12,643	12,896	13,100
Continuous cast steel	2,218	3,287	4,608	5,098	5,500

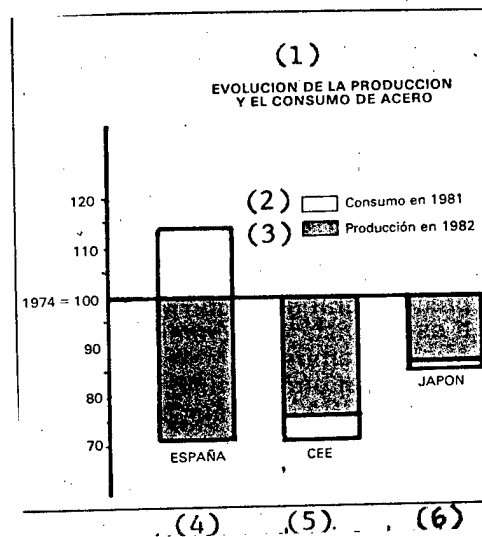
\*Estimate



Graph 1.

Key:

1. Iron and Steel Productivity
2. Metric tons/furnace/year
3. Metric tons/man/year
4. Japan
5. EEC
6. Spain



Graph 2.

Key:

1. Changes in Steel Production and Consumption
2. Consumption in 1981
3. Production in 1982
4. Spain
5. EEC
6. Japan

2909

CSO: 3548/361

## MEASURES URGED FOR ATTAINMENT OF 1983 EXPORT GOALS

Istanbul CUMHURIYET in Turkish 31 Mar 83 pp 1,11

[Report by Meral Tamer]

[Text] Will the stagnation observed in our exports--which started dashing upwards in 1981--since the second half of last year turn into a "retreat" this year?

Will it be possible to attain the 1983 export target which was originally set at \$7.1 billion but which was later revised down to \$6.8 billion?

To what extent will the collapse of world oil prices and the subsequent sharp drops in the income of OPEC countries affect the imports of these countries from Turkey?

These questions are being frequently asked by export circles these days. The answers are quite interesting.

Almost all of our exporters, who rose to eminence in the last few years, state in unison that it will be very hard to attain the \$6.8-billion export goal for this year. They all add, however: "Our company's exports for this year will be more than last year's."

When almost all of our exporters, not just one or two of them, are pessimistic about Turkey's total exports for this year but are optimistic about themselves, one is forced to ask the following question:

If all firms will each increase the dollar value of their exports this year, why will the total export figure fall?

Or, are the pessimistic forecasts to the effect that the 1983 export target cannot be attained part of the lobbying that is under way with an eye to increasing export incentives?

Or, are our dedicated exporters planning to work very hard and to wage a life or death struggle in foreign markets to increase their respective companies' exports despite the prevailing adverse conditions at home and abroad?

The truth is that, at this point in time, there are many reasons to be pessimistic about attaining the 1983 export goal. The leading foreign factors are:

1) The payment difficulties of Iraq, which is our biggest customer; 2) fewer imports by other OPEC countries, which are also suffering from drops in their oil income, and shrinking foreign markets for those who have trade relations with this region; and 3) restrictions imposed by the EEC on many of our goods, textiles in particular.

The main domestic factors are: 1) The fact that the real drops in the value of the Turkish lira have not adequately been reflected by the exchange rates for some time; 2) delays in the export and rediscount credits of the Central Bank; and 3) the cutthroat competition of domestic firms against each other in foreign markets.

When the domestic and foreign negative factors mentioned above are considered as a whole, it is not very difficult to understand why our exporters are so pessimistic about the 1983 export target. In addition, there is another factor that is even more important than all the others and that is probably the leading cause of this pessimism: A reduction in the emphasis on exports in the general administration of the economy.

This trend began with the delays in rediscount credits following the Kastelli incident and became more distinct with the shift in emphasis to rescue operations for firms, brokers and banks in difficulty.

On the other hand, at this stage when a certain amount of experience has been gained and when Turkish businessmen have just started learning the export business, what is wanted is that the government pursue a dynamic policy to insure continuity in exports. We can list what the export circles mean by "dynamic policy" as follows:

--Speedy compilation of statistical data on exports.

--Briefing of our exporters on the basis of speedy evaluations on the economic condition of countries we have trade relations with. (For example, if Iraq is having payment difficulties and is going to reduce its imports from us, ways can be sought to buy a portion of the oil we buy from this country from another country and to sell goods to that country in return.)

--Elimination of the delays in credits and the uncertainty about how much money will be given to the exporter and when.

--Avoidance of policies which put in jeopardy the continuity of incentives.

It is noted that although an 18-percent was targeted for exports in 1983, exports rose by only 7.2 percent in January and that current exports are only in response to the orders received at the end of 1982. When views to the effect that the real magnitude of the recession in exports will become evident only in May or June since no new orders are being received are taken into account, the need for a dynamic policy and a set of measures in this area becomes more evident.

Not retreating from the gains made in foreign markets--to which we turned a blind eye for years--at a time when the world economy was undergoing a recession appears to be imperative from a perspective of implementing Minister of Finance Adnan Baser Kafaoglu's program which is aimed at balancing Turkey's foreign payments account and not asking for emergency loans from world money markets until 1985.

Turkish exports 1980 through 1982 (in million dollars)

<u>Month</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>Percent Increase</u>	
				<u>1981/1980</u>	<u>1982/1981</u>
January	236.3	410.6	446.1	73.8	8.6
February	244.2	306.6	410.2	25.6	33.8
March	233.6	304.2	447.3	30.2	47.0
April	219.0	316.1	402.1	44.3	27.2
May	196.5	294.4	414.5	49.8	40.8
June	169.3	325.3	419.6	92.1	29.0
July	167.1	315.8	412.7	89.0	30.7
August	178.0	335.8	408.4	88.7	21.6
September	219.8	400.0	456.4	82.0	14.1
October	260.7	486.6	560.0	86.7	15.1
November	326.5	552.3	604.7	69.2	9.5
[December not given]					
Total	2,910.1	4,702.9	5,745.9	61.6	22.0

[Article by Osman Ulugay: "Enough or Continue?"]

Turkey's exports rose from \$2.9 billion in 1980 to \$5.7 billion in 1982. If we keep in mind that the dollar was a stronger currency in 1982 than in 1980, it would not be an exaggeration to say that Turkey doubled its exports in two years. The fact that this leap occurred at a time when world trade was shrinking and when protectionist sentiments were rising everywhere makes the success even more significant.

It is clear that this growth in exports has had a very positive effect on the way Turkey is perceived by the outside world. It is not surprising that a Turkey which is increasing its exports rapidly, which has turned its balance of payments deficit into a surplus and which has been paying its foreign debts and interest punctually has received high marks from organizations like the IMF, the World Bank and OECD and has begun to regain its prestige among world banking circles.

It is here that the exports play a key role in the economic model that has been implemented for the last 3 years. The genuine and lasting success of this model, for which so much has been sacrificed, largely depends on the way the outside world and foreign banks and capital circles perceive Turkey. If international banks start to see Turkey as "creditworthy" once again and if foreign capital decides to invest in Turkey, then the 24 January 1980 decisions will be able to see their way out. A precondition for that is that the export-oriented approach in the economy must continue and that after taking into account all the costs first priority must always be given to exports.

It is known that Turkey achieved its export success of the past two years as a result of: 1) a shrinking domestic market; 2) the implementation of a realistic exchange rate policy; 3) encouragement of exports by cheap credit and other incentives; 4) the government's support for the exporter, including its approach to foreign policy; and 5) the fact that Turkey was not seen as a serious competitor

in world markets. The special political situation in the Middle East and the favorable effects of the Iran-Iraq war can also be included among these factors.

If we take a look at the developments of the last 6 or 7 months, we see that new conditions have emerged in all these factors that made the leap in exports possible and that there is a corresponding drop in the rate of increase of exports. The rising voices of discontent from segments of the country that have been asked to make sacrifices for exports and intensified calls for the revitalization of the domestic market, accompanied by the deteriorating condition of the oil-exporting countries which have become Turkey's leading customers as well as the fact that Turkey has begun to be treated as a serious competitor in world markets and consequently has begun to run into obstacles are all making it difficult for Turkey to continue its export drive. Furthermore, the fact that the distinction between those who have taken a fancy for exports and those who are genuine exporters is not yet very clear shows that Turkey still has a lot to learn in this area.

The stance to be taken and the decisions to be made at this stage are important. If the success of the 24 January model is desired, the emphasis on exports must continue and measures to insure the continued growth of exports must be urgently formulated and implemented. If other ways are to be sought, then other methods could be contemplated. Here we are not arguing about which of these two paths can be more beneficial for Turkey's future. However, we see merit in reiterating once again that it is important to pursue a package of policies consistent with the model chosen no matter what the chosen model may be.

[Statements by executives of leading Turkish exporter firms]

Sarik Tara, Executive Council President of ENKA Holding: The year 1983 will be a difficult year for exports in every respect. It is not easy to attain the set target at a time when the world markets are depressed and when everyone is engaged in a cutthroat competition with each other to win a share of the market. Thus, we must understand that the market, rather than production, is the most important element in exports, and we must start looking for markets. Marketing firms have an important role to play in this search. We must not forget that exports are still a very small portion of our gross national product. If the Incentives Implementation Department transfers the export credits on time, we can still attain the export target for this year, even if only with difficulty. Meanwhile, some people have been complaining about competition. Competition is one of the fundamental tenets of a free-market economy. Of course we will have competition. We must accept this. We expect that the ENKA Group will raise its foreign currency revenues from \$197 million--generated only through exports and excluding contracting services--last year to \$330 million this year.

Ibrahim Yazici, Director of Foreign Trade, RAM corporation: We can barely attain 75 percent of the export target for 1983, let alone attaining the target itself. In my opinion, our exports this year will amount to \$5.7 billion, the same as in 1982. The continuing crisis in the world economy, the economic problems the oil-exporting countries are having as a result of the sharp drop in world oil prices, the vacillating policy of our government on export incentives and the fact that the true reduction in the value of the Turkish lira is not adequately reflected by the exchange rates are collectively hurting our exports. But, most importantly,

we know how to buy, but we do not know how to sell. Let us take Iraq as an example. Last year Iraq was our biggest buyer, but this year it will be able to buy only \$200-250 million worth of goods because of its payment difficulties. In that case, why should we continue to buy \$1 billion worth of oil from Iraq? We can reduce our oil imports from that country and start buying from another oil-producing country. All the oil-producing countries are having problems in selling their oil. The government can tell the Iraqi officials: "If you do not buy our goods, we will not buy your oil." Perhaps this cannot be done to Saudi Arabia, but it can have an effect on countries like Iran and Iraq where the government conducts the foreign trade. But our government has turned its attention from foreign trade to domestic matters. Our company will raise its exports from \$120 million last year to \$160 million this year. We can do this because our firm has years of experience in this field and our representatives are well-known in these markets. We will sell our products in Middle Eastern markets as we always have. Some of our colleagues have turned their attention to the United States, but that is a very tough market dominated by intense competition from countries like Taiwan, Japan and Korea. If we can increase our exports to the United States, that means that we know the export business.

Talat Orhon, Director General of Turkish Bottle and Glass Group: This year will be a difficult year in exports. Our trade relations with Iran are as before; there has been no decline so far. Iraq, on the other hand, is in a difficult position as a result of its arms purchases. There has been a sharp decline in our exports to Iraq. Last year, we sold \$600 million worth of goods to this country. This year our exports to Iraq will not exceed \$250 if the current pace continues. Our firm's export to Iraq amounted to \$22 million last year. This year we can barely sell \$8-10 million worth of goods. But there are other markets around the world. There are the uncharted markets of Canada and the United States. There is Australia. In view of Iraq's situation, we immediately took all the necessary measures. We expanded into other countries. In my opinion, the most important source of trouble in exports is Iraq. On the other hand, Iraq has run out of money but it has not run out of oil. Iraq's current problems are temporary. It will recover in the coming years, particularly if it ends the war [with Iran]. Furthermore, while Iraq remains unable to make imports, a black market has emerged. In other words, there is a demand for goods in Iraq. However, if we generally depend only on the Middle East, we will always have these problems from time to time. Consequently, we must diversify into other markets around the world, including all the countries of Europe. We expect to increase our company's exports from \$104 million last year to \$117-120 million this year.

Mehmet Okumus, Executive Council President of Okumus Holding: It appears to be certain that we will have difficulties in exports in 1983. The situation in the Middle East, which is our main customer, is well-known. But there are other large markets around the world, such as the United States and the Soviet Union. Perhaps we will have difficulties in the beginning, but we must try and work. We are already very late. However, the government's support on this issue is essential. We must also decide what we are going to sell overseas. We must focus on goods such as agricultural products and textiles, which bring in large amounts of foreign currency, in preference to products that depend on imports. For example, if we pursue an effective policy, we can monopolize the world hazelnut trade. Let us take olive oil as an example. The United States has a demand for 30,000 metric tons of olive oil a year. Spain and Italy are selling olive oil in the United States.

Why should we not do the same? Maybe the Americans do not want to accept us. But I will enter the U.S. market at any cost and under any conditions. Our exports last year amounted to \$87 million. This year we will not do worse than that; on the contrary we will exceed that figure. However, the country will probably have difficulties in exports this year. I am not too pessimistic about the future. These are transient trends. There is no precondition that the price of oil will be reduced from \$29 to \$27 a barrel at the OPEC meeting to be held in two months.

Yasar Unal, President of Turkish Fresh Vegetables and Fruits Exporters' Association: . The stance of the government and the Incentives Implementation Department gives the impression that there is a desire to reduce exports, not to increase them. With a government that cannot overcome its bureaucratic obstacles, coupled with the known situation overseas, this year's export target cannot be attained. Furthermore, the allocation of already limited export credits and tax returns to seven or eight holdings and large marketing companies is another factor that is hurting exports. This implementation is ruining exporters who have worked hard for years. The arrangement that provides for a 10-percent tax return to exporters of \$30 million or more as of 1 January 1983 is particularly disadvantageous to exporters of agricultural and aquatic products because these exporters used to be eligible for 10-percent tax returns until now. For instance, 15 exporters with sales of \$2 million each can attain the \$30-million level. But we have calculated that 85 percent of our exports are realized by small exporters. Marketing companies have a share of only 15 percent in our total exports.

9588

CSO: 3554/223



## GREEK VIEW OF DEVELOPING ECONOMY, COMPETITION FEARED

Athens POLITIKA THEMATA in Greek 8-14 Apr 83 pp 28-29

/Text/ One of the failings of our race is that in our country where moderation was taught every form of excess prevails. Faithful to this tactic, we sometimes overestimate the strength of enemies and friends and sometimes, on the other hand, we tend to belittle our opponents and competitors. This tactic, nevertheless, is not only impolitic; in many instances it borders on the dangerous.

One of these instances is our tendency to underrate Turkey which from the nature of things will be our competitor in exports of our agricultural goods and in tourism.

We obstinately ignore the fact that Turkey's economic development is real. The vast resources of the country, its large population that today numbers 47 million, its labor force that has surpassed 14 million, as well as the new policy that has begun to be implemented following the 1977-1979 crisis, all are already yielding positive results.

Most economic indicators now show a definite improvement. Inflation that was 108 percent in 1980 has decreased to 37 percent and the drop is continuing. The deficit in the balance of payments has been cut from 3 billion dollars to 1 billion dollars today, while the increase in national income has reached 4.4 percent. This percentage, compared to the rest of the Asian and Common Market countries, is very great.

## New Economic Policy

The above-mentioned satisfactory results for a country that had reached the bounds of impoverishment are due primarily to a change in economic policy. The Turks abandoned their socialist experiments and improvisations, the continuous subsidizing of their products and turned toward a liberal market economy and to a strengthening of private initiative. The deficits of the state budget were significantly decreased, interest rates and prices were decontrolled and the repeated devaluation of the lira helped the policy of attracting foreign investments and gave investors the impression that the Turkish market also had possibilities for the future.

In a recent study, the West German Isoplan Institute surveyed the conditions, limits and results of Turkey's policy for obtaining investments from abroad. In its report it confirms that foreign capital investments have shown a marked rise reaching 750 million dollars in 1981, a fabulous sum if one had dared mention it in 1979.

It is characteristic that the largest foreign investments involve the Swiss, who do not usually risk their capital, the Libyans, who have begun an especially friendly policy toward the Turks, as well as the Germans and Americans.

#### Tourism

Progress shown by Turkish tourism should especially concern us. If the recent trend in Greek tourism continues --for the well-known reasons that have no bearing with the present article-- Turkey will develop into our most serious competitor in this area and we would be in danger of losing a large number of foreign tourists who up to now have preferred Greece to Turkey. Let us not forget that besides the Turkish Government's endeavors to encourage tourism there is also the attitude of the private sector. This attitude is reflected in the politeness with which the Turks behave toward foreigners who come in contact with them, in the order and cleanliness of Turkish hotels, as well as the order prevalent in means of transportation. And that is especially complimentary for those who have assumed responsibility for Turkey's tourism. Let us also not forget that the Turks have vast natural and cultural possibilities and the ancient Greek and Roman monuments on the shores of Asia Minor can be developed into significant tourist and cultural centers for all those who love the classical and post-classical period.

With reference to the reasons that led foreigners to invest, a study prepared by a statistical office confirms that there is now confidence in economic stability, that there is no fear of state interference, as was the case in the past, as well as the certainty that this policy will continue into the future. The publication of a new law on the protection of investments, i.e. Law 6224, that began to be implemented at the end of 1980, has succeeded in giving this impression. It should also be stressed that Turkey, that knows quite well how to publicize itself --as we know from bitter experience in the past-- has begun a vigorous propaganda campaign throughout the entire West to succeed in attracting capital, investors and tourists.

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CSO: 3521/276

## JOINT INVESTMENT IN TURKEY WITH GERMAN CAPITAL

Istanbul DUNYA in Turkish 31 Mar 83 p 8

[Report by Handan Gorgunay]

[Text] Encouragement of joint investment with German capital in Turkey has been urged in order to utilize the savings of Turkish workers returning to Turkey for good and in order to relieve the unemployment problem, and it has been proposed that Turkish workers be encouraged to become partners in profitable private-sector firms and to make investments that will be guaranteed by the government. A move by the FRG to send back the Turkish workers en masse has been termed as impossible and it has been stated that, of the workers who return to Turkey for good, only those who are skilled workers will be able to find work in Turkey.

The solutions sought to the problems that will be caused by the return of large numbers of Turkish workers--an issue whose seriousness was underlined by the visit of West Berlin Mayor Weissaecker to Turkey--are aimed at two targets. One of these concerns providing employment opportunities to the workers who return for good and to utilize their savings in a healthy manner that will contribute to the country's economy. The other target is the prevention of a massive worker return movement.

## Massive Return Impossible

Professor Metin Kural, a member of faculty at the Istanbul University, stated that it is impossible that the FRG will send the Turkish workers--who work in jobs not wanted by German citizens--back to their country en masse and added that such a move could result in the collapse of the German economy. Noting that Turkish workers in that country have for years worked within the provisions of employment and social security agreements signed by the FRG and Turkish governments, Kutal said: "Such an event cannot occur over the short term within the framework of existing agreements."

Koc Holding Industrial Relations Coordinator Tugrul Kudatgobilik recalled how during the period 1968-1972 the FRG examined the age, health and even the arm and leg lengths of Turkish workers at its employment offices in Turkey and how it took these workers to its industrial establishments. Noting that in the past 14 years Turkish workers have been a reliable source of labor in all of continental Europe and particularly in the FRG, Kudatgobilik said: "For instance, Turkish

workers constitute 80 percent of the workers employed in the production of household goods at Bosch-Siemens in Berlin and 50 percent of the work force of German Ford. With their steady work habits as well as their services to productivity these workers have become an indispensable element in the production of these plants." Kudatgobilik added that consequently these worker cannot all be sent back and that it would be impossible to train and give experience to new workers to replace this work force.

#### Cooperation with German Capital

Kudatgobilik maintained that the workers who will return for good will not be those who have achieved success in their work and who have become skilled workers. He emphasized that only those workers who are highly skilled and who have specialized will be able to find work in Turkey. Kudatgobilik also stated that, at a time when the Turkish industry can utilize only 60 percent of its installed capacity and when new investment opportunities are limited, the unemployment problem can be solved by joint German-Turkish investments in auxiliary industries in Turkey. Noting that the FRG meets its auxiliary industry needs from Yugoslavia, Romania and Bulgaria, Kudatgobilik said: "Cooperation with German capital on these issues is quite possible."

Stating that a return for good by Turkish workers to Turkey will inevitably worsen the unemployment problem in Turkey, Professor Kutal said that these workers will at least bring part of their savings with them and that it is very important to turn these savings into working capital. Noting that so far Turkish workers' savings have not been channeled into productive investments, Kutal said:

"If this same situation continues, not only will the Turkish economy not benefit from the returning workers, but also these workers will cause the deterioration of the unemployment problem." Kutal proposed:

"In addition to encouraging joint investments in Turkey with German capital, Turkish workers must be encouraged to become partners in profitable private-sector firms. They must also be encouraged to make investments that will be guaranteed by the government, in particular in the tourism sector." Kutal also stressed that it is essential to channel these investments into a large capital pool.

9588

CSO: 3554/223

## PRIVATE SECTOR ESTABLISHES MULTI-PARTNER PAPER FACTORY

Istanbul DUNYA (Supplement) in Turkish 31 Mar 83 p 5

[Article by Unal Birkan, Director General of Viking Paper and Cellulose A.S.]

[Text] Viking Paper and Cellulose A.S. [joint stock company] was established in 1969 within the framework of principles of Law No 6224 on Encouraging Foreign Capital and joined the country's economy by starting production on 14 November 1971. Its overseas partners are key international organizations such as A/S Deforened Papirfabrikker (Denmark), the Industrialization Fund for Developing Countries (Denmark) and the International Finance Corporation (World Bank). Its major domestic partners are: Yasar Holding A.S., Tutunbank A.S., Is Bankasi A.S., Emekli Sandigi and Sinai Yatirim ve Kredi Bankasi A.O. [Industrial Investment and Credit Bank].

The purpose of establishment of Viking was the production of "quality packaging paper"---which was in short supply at the time---in a plant equipped with the latest technology. Until 1977, Viking's entire production and sales program was dedicated to packaging paper and always remained within that framework. Another characteristic of this initial five-year period was that Viking opened up to overseas markets for the first time and started exporting to Lebanon, Japan, the FRG and Britain. After 1977, Viking began to manufacture types of paper that would substitute imports as a result of shortages caused by foreign currency problems and mounting domestic demand. Thus, Viking became the first manufacturer in Turkey to produce many types of paper. Viking entered a new period in 1981 and became a "Yasar Holding company." Yasar Holding has given many organizations to the Turkish economy with its valuable and wise investments and its broad management experience. The rise of Yasar Holding to the position of majority shareholder in Viking's management---which also includes Turkiye Is Bankasi, Sinai Yatirim ve Kredi Bankasi as well as Danish partners---has strengthened Viking by an order of magnitude and has given it a new identity and dynamism.

Viking is the first paper factory in Turkey built by the private sector. The foundations of the paper and cellulose industry in Turkey were laid in 1936 with the establishment of SEKA [Turkish Cellulose and Paper Factories Administration]. Today, with a production capacity of over 500,000 metric tons a year, this government organization continues to be the leader and driver of our country's paper industry. Apart from SEKA, the private sector also made serious investments in the paper industry starting from the early 1960's which mark the beginning of planned

development in our country. The establishment of Viking and its going into production was a novelty for the quality packaging paper market in Turkey. In other words, this event represented the entrance into the paper manufacturing sector of an organization which works with the known dynamism of the private sector and which emphasizes quality, care and the manufacture of a durable product.

Today, paper production and consumption are considered as measures of the cultural and industrial development of nations. In other words, there is a strong correlation between the per capita paper consumption of a country and its gross national product. Today, with a plant area of 250,000 square meters, an installed capacity of "13,500 metric tons per year" and a personnel of 200, Viking is making important contributions to the Turkish paper sector and consequently the country's economy. At its modern plant in Aliaga, 70 kilometers from Izmir, Viking is producing high-quality and multipurpose single-side glossy papers in the weight range of 20 to 120 grams per square meter to meet the needs of Turkey's industry, commerce and agriculture sectors. As stated above, Viking was established with the purpose of manufacturing quality packaging paper. In the years since Viking went into production, the company has tried to adapt the paper machine we call "Yankee" to more advanced technologies and to improve the quality of its product while moving toward diversifying its product line. Today, in addition to packaging paper Viking manufactures sulfide paper used in lamination; fabric-based papers which are suitable for glazing; papers which are used by the cigarette, candy, margarine, soap, razor and chewing gum industries; base papers for wall papers; papers for making labels; papers for making carbon sheets and various types of tissue paper. In 1982, Viking succeeded in manufacturing a new product known as "paper towel" in a plant that the company established by its own resources.

Another product manufactured by Viking is the thin packaging paper used by citrus exporters and known as "hutbak" in the paper industry. Thus Viking is contributing to the exports of our country and is indirectly helping Turkey to earn foreign currency.

In 1982, Viking exported small quantities of its products to Israel and Cyprus. One of Viking's major goals is to raise its exports to a satisfactory level. A number of orders have already been received from Near Eastern and some Western countries. Although the quality of Viking products has received high marks in Middle Eastern and Far Eastern countries in particular, its prices are considered to be too high. The key reason behind these high prices is that Viking imports its chief raw material, cellulose, from Scandinavian countries and North America at very high costs. Integrated plants around the world, that is plants that produce their own cellulose and paper, are reducing the chances of firms which only process cellulose into paper to enter the world paper market. The price differential between cellulose and paper is very low in world markets. More specifically, paper is around 10 percent more expensive than cellulose.

Viking believes that it can make progress in the export area with the cost evaluations it will conduct and is continuing its work to that end. With the delivery of an export package to Iran in the coming months the company will have reaped the first fruits of its work in this field.

Another goal that Viking hopes to achieve in 1983 is the second-stage investment envisioned by the company's founding document. For years, Viking could not

overcome the problems afflicting this additional investment project for various reasons, but it took an important step on this issue in 1982. This additional investment will increase Viking's production capacity by 50 percent. In other words, the company's production will rise from 13,500 metric tons per year to 20,250 metric tons per year. The machines and equipment to be invested in will be manufactured by the same German firm that has built our existing machinery. The delivery and installation of the machinery and equipment are expected to be completed by the end of 1983.

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## INTEGRATION OF AGRICULTURAL SECTOR WITH INDUSTRY URGED

Istanbul DUNYA (Supplement) in Turkish 31 Mar 83 p 6

[Article by Reha Tanor, Executive Council President of Tanor Poultry Group]

[Text] One of the issues that has recently been a subject of frequent public debate is that of whether industry or agriculture should be given precedence in the development of our country. While some say that "Turkey must not be ashamed to be the fruit seller, butcher or the grocer of the Middle East" and that "the Dutch do not feel guilty about selling milk and poultry nor are the Swiss ashamed of selling chocolates and watches," other say that "we cannot have development by being grocers and butchers; we must industrialize."

Some say that "the share of industrial products in our exports has surpassed that of the agricultural products," while others insist that "it is really the agricultural and livestock products that are increasing the share of industry in exports." In our opinion, any effort to force a choice between pure agriculture and pure industry will simply lock us in sterile arguments rather than achieving the desired goals. However, the size of Turkey's territory, the character of its land, its climatic conditions, its natural resources, the considerable income produced by half the country's population that is employed in agriculture and agriculture's large share in exports make it impossible to dismiss the magnitude of our agricultural potential.

This potential can and should be transformed into a national income far greater than has been achieved so far. This can only be realized through the integration of this agricultural potential with industry.

Turkey's problem is not the issue of insuring an export level of \$7 million to \$8 million. Turkey's problem goes beyond that into the future and concerns the issues of how to make it enter the ranks of the developed countries more rapidly and how to bring its per capita GNP and educational level up to the levels achieved by the developed countries. President Kenan Evren has identified this problem correctly and with remarkable far-sightedness. Thus, in order to achieve the goals mentioned above, Turkey's exports must go far beyond the \$7-8 million level to \$20-25 million.

In our opinion, it is the industrialization of our great natural potential that will take us to these goals, and we define that as agriculture-based industry.



## What Is Agriculture-based Industry?

First, we generally define agriculture-based industry--which we believe will rapidly reverse the balance of payments in our favor, will provide the necessary financing accumulation for our leap into heavy industry and will generate the national income necessary to raise our society to the level of developed societies--as an industry which relies on agricultural and livestock products for its resources. Under this general definition we can list as subheadings industries such as the food and refreshments industry, the fertilizer, animal feed and slaughterhouse byproducts industry, the textiles and clothing industry, the tobacco processing industry and the forest products industry. Under these subheadings, one can list numerous industry branches which can make use of our huge natural potential.

## The Role of Agriculture-based Industry in Our Region

When we take a brief look at the state of agriculture-based industry in Izmir and its environs, we see that this region, with its ecological and historical conditions and its infrastructure facilities, has not only brought this industry to an advanced stage, but that it also provides an extremely suitable environment for its development. On the basis of limited available data, we can say that 45 percent of the businesses in this area are industrial establishments processing agricultural products, that these businesses are responsible for 65 percent of employment in the manufacturing sector in the area, that, according to 1980 figures, 3 billion Turkish liras have been invested in these businesses and that profits of 45 billion Turkish liras over a production value of 120 Turkish liras have been generated.

It must also be noted that as a result of the traditional economic structure of the region a considerable portion of these agriculture-based industries are family businesses and that, as we state below, these industries, as a result of this characteristics, exhibit inadequacies toward achieving the stated goals.

## What Is the Future of Agriculture-based Industry?

Our regional agriculture-based industry has already begun gaining footholds in foreign markets. A fresh manifestation of this situation was the fact that countries from whom we are taking markets away have launched a hasty effort to gather information about the strength and export activities of our firms through their trade attaches. (This, incidentally, teaches us a lesson about how the overseas missions of a country with export ambitions should work.)

However, the issue goes far beyond achieving fixed export targets. The goal is to go far beyond what is being planned today toward targets that have been pointed to by Honorable Evren. Turkey has the potential to reach those targets. Therefore, how can we develop our agriculture-based industry which is the most powerful tool we have in our hands to reach those targets?

In our opinion, the steps that must be taken in this connection are as follows:

1. First of all a macro plan must be formulated on the basis of detailed studies about how agriculture-based industry can contribute to the country's economy in the fastest and healthiest manner. Also, serious and effective measures must be taken to insure that all exportable products are produced in the desired quantities.

2. Mammoth companies must be set up to have international influence and to insure that Turkey is internationally recognized as a leading agriculture-based industrial country, just as Switzerland is known for banking and watch-making, Japan is known for its electronic industry and South Korea is known for its contracting industry.

As we stated above, the fact that a significant portion of our existing industries are family businesses is preventing them from accumulating the necessary financial power for taking large steps. Merging these companies, making them publicly-owned companies or turning them into joint ventures appear to be inevitable steps in order to make them achieve the production figures necessary for doing large-volume business in international markets and to enable them to adapt to the tough terms of international trade.

3. Finally, the government must deal more effectively and efficiently with infrastructure problems, such as communications and transportation, and must reorganize outmoded legislation and bureaucratic obstacles in accordance with the requirements of the day to enable the international-scale companies that will emerge as a result of consolidation of forces to earn the desired amount of foreign currency by producing many goods according to an export strategy. We have no doubt that if these measures are taken our agriculture-based industry, which can be seen as a sleeping giant, will wake up rapidly to show its power and to assume the role of a driving force in the Turkish economy, which we would like to see making bigger progress.

#### About the Tanor Group

The Tanor Group is made up of Tanor-Tavsan A.S., Tad A.S. and Tanso A.S. all of which are active in various branches of the poultry industry. The headquarters of the group is at the Efes Business Building, 57 1379th Street, Izmir.

The group's production facilities are scattered in the villages of Yahseli, Turkelli, Balatcik and Cakaltepe in Izmir and cover a total area of 750,000 square meters.

The Tanor Group is one of the first organizations in Turkey that has turned the poultry business from a cottage industry into a full-fledged industry and that has exported the products of this industry.

9588

CSO: 3554/221

## VOGEL'S PROBLEMS AS LEADER OF OPPOSITION

Hamburg DIE ZEIT in German 25 Mar 83 p 5

[Article by Gunter Hofmann: "Jochen Vogel's Stumbling Start; The Social Democratic Party of Germany: Pinnacle of Progress or Traditional Company"]

[Text] Hans-Jochen Vogel tried to slide in behind the waves with a few meager words. Moreover, he is not a man who is given to overabundance of expression. Even on Tuesday, when the big fight in the Social Democratic Party of Germany (SPD) opposition over the new eight-man opposition leadership and the overall chairmanship was decided in his favor, he did not show much obvious relief.

There has seldom been so much bellicosity and bitterness--practically an open declaration of war--in the opposition, which for the SPD is saying quite a lot. This time it was the right-wing members who protested. They found Vogel's "integration model" purely and simply disruptive and therefore presented their own proposals.

In the election of his deputies, Vogel has made his ideas prevail. But the victory was hard won and must still be paid for. Vogel's opponents argue that he must "still get familiar with the power structures." This has happened; his limits have been marked out.

Eight deputies were elected who are respectively responsible for specific areas, as was ultimately insisted upon by Helmut Kohl as leader of the opposition: Horst Ehmke (foreign policy), Hans Apel (currency, finances), Anke Fuchs (social policy), Volker Hauff (ecology), Jurgen Schmude (domestic policy). But Wolfgang Roth (economics) won over Herbert Ehrenberg in a close election, and Herta Daubler-Gmelin (women's questions) over Waltraud Steinhauer. Wilfried Penner voluntarily withdrew his candidacy in favor of Alfred Emmerlich (justice).

If it had been only a matter of who occupies what positions at the top of the opposition, the rough start in the coming years could be quickly forgotten. People are human everywhere, so why not here, too, where a whole platoon of former ministers and officeholders have to care for their vanity and other matters?

But in the SPD it is presently a matter of much more. There was also a side war alongside the conflict in the opposition, and the former was over Jochen Vogel. One of his opponents argued that on the one hand nobody wanted to topple Vogel, but on the other hand he, too, did not exactly know where Vogel really stands on some questions. But this much can be said: after 16 years of participating in the government, the Social Democrats are now facing such basic questions as their *raison d'être*, their future course in the most controversial questions, the connection of the opposition with the party (or vice versa, as many would prefer), their foreign image and even Vogel's claim to leadership. In short, as Vogel cajolingly sought to communicate to his opposition on Thursday, it is a matter of a "new beginning." Who will participate?

This time the rebels were not leftwingers--they've become silent in recent years anyway. The stir instead was in the ranks of the old executives, Social Democrats who once sat at the cabinet table, and the group of "navvies," who for years have been led by Egon Franke. This group has now changed their name. They call themselves the "Seeheim Circle." One might also designate them as the traditional company of the SPD. In former Hardthohe chief Hans Apel, they have elected to leadership a man who was once numbered among Helmut Schmidt's intimates. It seems that Apel has become valuable in the search for new troops, which is brisker than it has been for a long time.

Opponents are disappointed in Vogel. Was he at one time not one of them, the leading mind in the "Seeheim Circle"? Although many feel that the matter was overdramatized, they nonetheless remain convinced that it was necessary to make clear to "friend Jochen" where his limits lay.

Hermann Rappe raised the issue in the opposition that if anyone would have to make a change in course after the election, it would need to be the party that did it, not the opposition. And though Vogel announced that the Dortmund election program would serve him as a "significant basis for work," it would still be better to take the word "significant" in context.

Hans Apel is also not giving an inch. It would be false to imply that he is speculating only on his own account. Apel knows that if Vogel doesn't cut it, then younger men, not he, will step in. But perhaps precisely because it is clear to him what he can no longer be, he is concentrating on one point: to be master in the house among the right wingers.

Apel hasn't won, but Vogel, too, is richer by one bitter experience. In the Berlin SPD it was presumably easier to make politics from the top down. The SPD opposition in Bonn, on the contrary, still knows what it is about and is still tolerably intact. However, it also knows that Vogel is right when he warns that the Social Democrats "may not have many more cards up their sleeve". Some may be good, others spurious. This time, therefore, he could rely on the fact that he is a man without any other choice. The majority thus accepted his "integration model."

If one listens to the buzz of excited voices during and after the fight, it becomes clear that the whole business is by no means over. Almost all the questions are, or in any event are becoming, dependent on the problem of how the Social Democrats shall behave with respect to the Greens or with all these colorful new movements which long since have become part of society as well as of one's own following.

One thing about which most people are in agreement as the old missile dispute ended: the SPD will probably not assent to missile bases, unless a minor miracle happens at the Geneva talks. Thus the Social Democrats will push for a moratorium. But there is already disunity over the question of what will happen if there is a call for demonstrations against atomic-missile bases.

The yearning for "clarity" and "decisiveness," a switch from the old don't-care attitude of recent years, is heard above the buzz of voices. Basically it extends from right to left. But how and where can one occupy clear positions? And in that event would the SPD still remain a people's party?

Egon Bahr thinks that the SPD would have to try to win back its expertise in specific fields over a long period. At present it is probably not anyone's "fair-haired child." Norbert Gansel warns that the pacifists must not be followed too far, or else the SPD will end up again in the corner of the "men without a country," which in the eyes of the public do not take sufficient account of security needs.

Peter Glotz urgently recommends "the elaboration of a modern social-democratic concept of economics" which "is of central importance for the coming years." This is just plain spinning his gears. There is simply a lack of ideas, complains Helmut Rohde. "Right", answers Glotz, "but I don't hear any ideas from you, either."

The Party Council is in agreement that something is not right with the labor associations. The SPD must not become the "property of labor associations." It must once again anchor its work directly in industry. Otherwise, the danger threatens that the SPD will lose its members. A party without people?

So a great deal remains to be clarified, and most realize this. Only the traditional company believes that it has a clear answer. The SPD must occupy "extremely hard" employee positions, whatever that means. This is what Helmut Rohde has proposed. Hans Apel would presumably assent.

The SPD, replies Peter Glotz, has long since become a different party. There can be no going back to the old employees' party, and society also cannot be simply turned around.

Not only the CDU but also parts of the SPD would like to go back to the fifties. Times look clearer with hindsight. Then, so the tune goes today, this burdensome opening out into a people's party was still in the future and all the numerous young folk muscled in only later. At that time, positions are supposed to have been clear--the majority relationships also, of course.

## POLL FINDS VOTERS INCREASINGLY LOSING CONFIDENCE IN PARLIAMENT

Helsinki HELSINGIN SANOMAT in Finnish 17 Mar 83 p 6

[Article by Seppo Kievari]

[Text] Esteem for Parliament has clearly dropped in the eyes of citizens who support the Conservative Party more than among supporters of the other parties.

On the other hand, SDP [Social Democratic Party] and Center Party supporters are less critical of it than the others.

These findings were measured in a recent HS (HELSINGIN SANOMAT) Gallup poll in which changes in people's appraisal of Parliament were charted.

The Finnish Gallup Company was commissioned by HS to poll the issue. The interviews were conducted from 18 to 25 February. All told, 1,978 persons in a total of 147 communities were interviewed.

Opinions on how people rate Parliament were asked for through two questions, which were phrased as follows:

"If you think of our country's Parliament and the esteem it enjoys among citizens, has this esteem, in your opinion, in general remained the same as before these past few years, improved or worsened?"

In the second question they were asked to give the reasons for their opinions, if possible:

"What is this improvement or worsening attributable to? Give two of the most important reasons."

#### Annoyed With Benefits

Problems involving parliamentary representatives' benefits were most frequently raised as one of the reasons. Forty-one percent of those who offered criticism mentioned them.

Running a close second, cited by 39 percent of them, was a set of reasons the HS Gallup poll report lumped together under the heading, "general confidence problem."

The reasons for a decline in confidence in representatives presented in it emphasize their suspected unreliability, incompetence or even irresponsibility.

"Representatives' pursuit of their own interests" was cited by 19 percent of the respondents as a separate set of reasons. This encompasses an obviously broad and loosely-defined set of reasons and probably includes impressions of activities accorded special attention for reelection purposes, for example, in addition to their pursuit of particular interests.

About 17 percent of the respondents criticized Parliament, citing "scandals" in general as the reason for their judgment. It is rather difficult to analyze the content of this set of answers. It probably contains quite different kinds of and even conflicting opinions.

#### Parliament's Work No Cause for Annoyance

Surprisingly few things were found in the domain of Parliament's chief function, legislation, to be cited as reasons for the decline in confidence. Only 13 percent of the respondents zeroed in on this category. These responses took the form of specific legal reforms. Among the examples offered was pension reform. Of these individually raised bills, the family name law was most often cited as a reason for the decline in confidence. Four percent of the respondents referred to it. It was not clear from the answers whether the respondents were for or against the proposed law.

The percentages add up to a total of over 100 percent, which tells us that the respondents readily took advantage of the opportunity to defend their views and cited two arguments in support of them.

A charting of the reasons for this appraisal showed that there were differences in the various party constituencies. Conservatives were more apt than the others to latch onto the benefits issue and the general lack of confidence issue was also more vehemently raised among them than among the others.

The Centrists were less often concerned than the others with Parliament's work and effectiveness and with individual laws. Nor did benefits exasperate Centrists as much as they did the others.

The Centrists did, however, raise the question of representative absenteeism. While 15 percent of all the respondents viewed absenteeism as a reason for the decline in confidence, 21 percent of the Centrists did so.

The distribution of reasons was slightly different from the others among SKDL [Finnish People's Democratic League] supporters in that less of them felt a general lack of confidence in Parliament and slightly more of them criticized Parliament for the job it was doing than in the other respondent groups.

Among the Social Democrats the distribution of reasons pretty well agreed with the distribution throughout the entire body of respondents.

## Institution Held in Esteem, but Not Representatives

Analysis of the reasons for the decline in esteem rather clearly tells us that Parliament's functions and Parliament as an institution are judged to be fairly steadfast.

The reasons for dissatisfaction are not directly concentrated in the nature of Parliament as an institution designed to represent the people, nor either in the results of its efforts, nor either in the policy domain exercised by Parliament.

Rather the actions of individual representatives and the impressions produced by these actions stand out as an irritating factor. The fact that the dissatisfaction often stems from some detail in the representative or representatives' actions is prominent in the range of the reasons given.

Representatives are apparently closely observed. They are expected to perform.

## White-Collar Workers Tough on Them

White-collar worker respondents were clearly more critical than others participating in the poll. Fully 80 percent of them felt that Parliament's prestige had declined. Only 60 percent of blue-collar workers and the farm population thought that was the case.

Educational levels also seemed to go hand in hand with an increase in criticism.

## Opposition Movement of "Better Folks"

While Parliament was judged in largely the same way throughout the entire body of respondents, the results clearly give the impression that white-collar workers and the well-educated "better folks," are now dissatisfied.

In the group of those who attended only elementary school, 58 percent felt that there was a decline in esteem for Parliament, 70 percent did so among those who attended secondary school and 86 percent of those who had gotten as far as the university.

The group that had obtained academic degrees registered the most vigorous count. Fully 94 percent of them felt that Parliament's prestige had dropped and this group was certain of its belief, if any was. Only 6 percent of them believed that its prestige had remained the same as before. Not even 1 percent more observers were entered in the row in the chart representing those who had noticed a rise in prestige than in the column representing those who were uncertain.

## ... and Naturally SMP Supporters

It also clearly stood out from the rest of the group that SMP supporters strongly feel that Parliament's prestige has been on the downgrade.



While it is in terms of statistics difficult to compare the distribution of the SMP supporters with the distribution of those of the bigger parties, the result supports predicted expectations. Fully 83 percent of SMP supporters feel that esteem for Parliament has declined.

The SMP showing is not as such surprising. The dispute over benefits and how they are handled was a central SMP election issue and the resounding defeat of the "gentlemen from Helsinki" has long been a part of the party's tactics.

The fact that these so-called better folks are now in the same opposition current as the SMP is perhaps surprising.

Parliament's Prestige Among Citizens  
(percentages)

<u>Prestige Status</u>	<u>All</u>	<u>Social Group</u>			<u>Education Group</u>			
		<u>Farm Pop.</u>	<u>Workers</u>	<u>White-Collar</u>	<u>Elem. School</u>	<u>2ary School</u>	<u>Univ. Stud.</u>	<u>Acad. Degree</u>
Remained the same	24	30	32	17	33	26	12	6
Improved	4	6	5	2	6	3	1	-
Worsened	70	60	61	80	58	70	86	94
Could not say	2	4	2	1	3	1	1	-

11,466

CSO: 3617/88

## BRIEFS

CONTENDERS TO REPLACE MULLER--Ambassadors Matti Kahiluoto and Seppo Pietinen are the strongest candidates to succeed Richard Muller, the head of the Foreign Ministry's Political Department, who is probably to be transferred to Washington as the Finnish ambassador. President Mauno Koivisto will appoint Muller as ambassador in the near future. In accordance with normal diplomatic practice, Finland has advised the United States in advance that Muller will replace Washington Ambassador Jaakko Iloniemi, who is being transferred to the board of directors of Suomen Yhdyspankki [Finnish Union Bank]. The strongest candidates to succeed Muller are both at present ambassadors, Kahiluoto in Yugoslavia and Pietinen in Peru. The current assistant head of the Political Department, Jaakko Blomberg (Social Democrat) was earlier considered to be the strongest candidate to head the department. As far as we know, his stock has declined in value. Muller's rapid transfer from his duties as department head has been interpreted as a vote of no confidence. This is probably not true, rather Muller, politically independent, who was elevated to his post as a candidate of the president, still enjoys the confidence of foreign policy leaders. [Text] [Helsinki UUSI SUOMI in Finnish 16 Mar 83 p 40] 11466

CSO: 3617/88

## NEW ND PARTY PROCEDURES

Athens I KATHIMERINI in Greek 1 Apr 83 pp 1,3

[Excerpts] The party slate will be prepared and the priority list of the deputies for the forthcoming elections will be decided under the personal supervision of the leader of the "New Democracy." This intention was indirectly, but clearly, made known by Mr. E. Averoff during yesterday's meeting of the "ND" parliamentary group. At the same time Mr. Averoff let it be understood that the current incumbent deputies will have precedence in the line-up, based on the number of personal votes they obtained in October 1981. It is recognized that, if this decision is actually implemented, it will alter the present general position of the official opposition party which expected the exercise of democratic procedures in the selection of candidates and the priority lists for their election. At the same time, Mr. Averoff's intention is believed to weaken greatly the revitalization potential of the "ND", a subject that became an urgent demand immediately after its electoral defeat, not only on the part of the electorate, but also of many of its cadres.

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## NO KKE-KKE (INT) RAPPROCHEMENT

Athens TA NEA in Greek 4 Apr 83 p 1

[Text] A new meeting between Florakis and Vafeiadis took place Saturday morning in the offices of the Central Committee of the KKE. Also present at this meeting were certain cadres of the KKE.

Afterwards, Mr. Vafeiadis went to the "People's House" at Perissos, walked around the premises and visited the offices of RIZOSPASTIS as well.

The KKE (according to the views of its cadres) does not attach particular political importance to these contacts. It sees Markos Vafeiadis as a "symbol of an era" and not as an expression of political tendencies or movements.

## In Contact

The KKE, in any event, will keep its contacts with Markos Vafeiadis (TA NEA had announced beforehand his new meeting with Mr. Florakis), but it does not foresee any political developments which might derive from these contacts.

More specifically, the KKE does not see as probable a meeting of its cadres with the KKE(Int) through the intervention of the chief of the Democratic Army during the civil war period.

However, it finds cooperation with individuals and groups affiliated with the KKE(Int) desirable in the labor movement, in demonstrations for peace and other areas of political activity.

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CSO: 3521/263

## TIKHONOV, TRUDEAU CONTACTS SEEN SATISFACTORY BALANCING ACT

Athens TO VIMA TIS KYRIAKIS in Greek 3 Apr 83 p 3

[Excerpts] While the "opening toward the West" by Premier A. Papandreou during his official visit to Canada may have perhaps surprised those who believed that "Greece has abandoned the West for sure," in essence, however, it merely constituted a realistic boundary setting of Greek foreign policy.

Just a few weeks after the official visit to Athens of the Chairman of the Council of Ministers of the USSR, Mr. Tikhonov, Mr. Papandreou, in a country which not only borders on the United States, but is connected by special ties with it, took the opportunity to define precisely the position of the development of Greek foreign policy. It is precisely these two visits which synthesize the aims of the present government. The effort, that is, to reach a balanced policy vis-a-vis the two superpowers.

This attempt is certainly not easy, especially for a small country like Greece, which for three entire decades lived in a climate of intolerance and fanaticism created by the residues of a bloody civil war. However, it is the only possible choice for the exercise of a truly independent policy after a long period of blind submission to the orders of the trans-Atlantic ally.

On the other hand, the framework of this policy was presented by Mr. Papandreou himself in a speech at the state dinner offered in his honor by his Canadian colleague, Mr. Pierre Trudeau. Mr. Papandreou stated:

"While Canada and Greece are two countries which belong to the West, they look upon international problems with a spirit of understanding which goes beyond the cold logic of the two Blocs and responds to the deep yearning of the people all over the world to live and enjoy the benefits of peace."

Greece, then belongs to the West even for Mr. Papandreou. This does not mean that he is ready to accept those ties which essentially hamper its national independence and create obstacles in its efforts to develop its relations with the countries of the Eastern Bloc or the Third World, relations which, on the other hand, if substantially developed, could contribute effectively to the promotion of our national interests.

## COMMUNISTS' DEMAND FOR GREATER INTERNAL DEMOCRACY

## Opposition to "Democratic Centralism"

Rome L'ESPRESSO in Italian 6 Mar 83 pp 6-12

[Article by Fabrizio Coisson and Francesco De Vito: "The Post-Communists"]

[Text] These are the party leaders who are in their 30's and 40's--the advance guard of a new party that wants everything subject to discussion. The impetus is strong, but efforts to contain it are not lacking. Will Berlinguer presume to be an arbiter? Or will he choose sides?

Rome--In appearance nothing has changed. The rites of the communist extravaganza being held in Milan from 2 to 6 March are the traditional ones: the same red flags, the same hymns, the same scenery, the same lexicon. Then you have Enrico Berlinguer, who from the platform of the congress hall reads his mile-long report, which is couched in a terminology that has remained almost unchanged with the passage of time. You note a few missing faces (Giorgio Amendola, Fernando Di Giulio); a few new faces; and many party officials who have by now become habituated to the congressional platform.

In appearance nothing has changed, but in reality the body and brain of the PCI (the largest communist party in the West) are now different from what they were in the past. It is (or is becoming) a different PCI--or will perhaps become one right after this 16th Congress. In what way is it changing, and amid what tensions? And with what expectations? The answer is to be sought not merely in the major decisions taken at the top level--decisions ranging from the "break" with the USSR to the "democratic alternative"--but even more in the thousand and one episodes that have taken place among the communist rank and file at the assemblies held preparatory to the national congress.

In those held in the area between Florence and Prato, for example. If there ever was a district that was historically "Red"; traditionally loyal and peaceful; and never a source of concern to national party headquarters, it was the district between Florence and Prato. "Nothing ever happens there," people said. Now almost everything has happened: the Florentine communists, lacking in obedience--and to some extent lacking even in respect for a part of PCI

history such as Giancarlo Pajetta, who said "no"--approved (initially in one of the large federations) the amendment that calls for openness, information and freedom in political debate at the top level of the party. It amounted almost to a mortal breach in the walls of the fortress of so-called "democratic centralism."

After Florence, this "liberal" demand--the main theme of Pietro Ingrao (but also of his traditional opposite number, Giorgio Napolitano)--snowballed almost everywhere. Many party leaders were obliged to give it a favorable reception and make this explosive demand their own (while prepared to defuse the "bomb" at the Milan congress, if possible). But after Florence there was Prato: if the rules concerning the secret ballot and concerning majorities and minorities were passed, one might as well put the new instrumentality to immediate use. Implementation of the secret ballot resulted in the elimination of the entire "historic group" of Prato party leaders by the rampant generation of communists--the 30- and 40-year-olds--who were weary of waiting for reform to be instituted from above in accordance with the classic rules of democratic centralism.

Something similar happened in Naples. Then it was discovered that the secret ballot can also be used to penalize minority viewpoints: in other words, to penalize dissenters (the Cossutta faction in Milan, for example). In Rome, too--where voting is by the more traditional show of hands--the majority has penalized its adversaries, and not only Marisa Rodano's supporters (who had undertaken the difficult task of serving as a bridge between Berlinguer and Armando Cossutta) but also others on the opposite flank. There were petty vendettas which were somewhat dishonorable: Marisa Rodano was not chosen as a delegate to the congress, while on the other side Antonello Trombadori was excluded from the Roman federal committee together with Asor Rosa and Edoardo Perna. In Lombardy, Regional Vice Chairman Casadio was excluded from the delegation to the congress because he had challenged the "break" with the USSR. Officially, factions do not exist in the PCI, but some of their "perverse" aspects do manage to extrude themselves.

It is difficult, moreover, not to define as a "faction" the current of opinion that has coalesced around the amendments concerning the "propulsive stimulus" that were proposed by Cossutta and Cappelloni. These were the only amendments that were proposed at virtually all the federation congresses. They received few votes, fewer than expected: between 4 and 5 percent, to which one may add an equal proportion of abstentions. Only Isernia gave a majority to Cossutta, although somewhat milder pro-Soviet positions were adopted at Vicenza and Asti. The "C" (for Cossutta) factor, which was supposed to dominate the 16th Congress, was kept well in check, however. The "USSR problem" would appear to be residual: in this respect too, today's PCI is a changed party by comparison with the original PCI (and even by comparison with the PCI of just a few years ago).

The other phenomenon that has developed unexpectedly on the eve of the congress, however, is not a faction, has no leader, and is not organized: it is the movement that calls for (in different ways and on different occasions) Italy's withdrawal from NATO. Is this merely a resurgence of factionalism, a hole in

the "protective umbrella" that in its day (1976) was evoked by Berlinguer? No, it is something very different. It is a mostly youthful "archipelago" consisting of antinuclear protesters, of the offspring of the new peace marches, of "greens" who are opposed to blocs and to the superpowers. It is a phenomenon that also exists in Germany on the fringes of the SPD [German Social Democratic Party] but that the PCI encounters in its very midst. It is, moreover, a phenomenon that is somewhat embarrassing to the PCI (which is attempting to limit it to the simplest possible request for a referendum against installation of the missiles at Comiso) but that is also somewhat flattering, in that it can be construed as a "sign of the times" and of a renewed rapport with the younger generations.

Such a relationship is complex and difficult to maintain with the very young (although there are only half as many party members under 30 years of age today as in 1977), and is more profitable to maintain with the generation in their 30's and 40's. Even though the top-level party leaders represent an historical record that goes back at least as far as the Resistance, the remainder of the leadership--the basic framework of the party--was formed politically in the years spanning 1968. The average age of the section leaders is 35; that of the federation leaders is 38. Both the former and the latter, in the angry year of 1968, were 20 years old or a little older. Almost one-third of them came up through the extraparlimentary groups and movements; fewer than one-half were trained in the FGCI [Federation of Italian Communist Youth]. The history they relate to is of another kind. To these leaders in their 30's and 40's the October Revolution is an event of long ago, to be studied as history, whereas the countries of "real socialism" are an ugly reality and revolution is a proposal from another time. The interest of these leaders is directed toward the world in which industrial and postindustrial society is living, and toward ways to effect its transformation. The issues they deal with are the same as those in Germany or France. Reformism is no longer a dirty word, and Mitterrand fascinates them much more than does Andropov. "We are 'Mitterrand in Italy,'" one of their "older brothers," Alfredo Reichlin, is wont to say. And Giuseppe Vacca, as an unbiased philosopher, is not afraid to say, "We are the 'post-communists.'"

This generation of party leaders in their 30's and 40's includes some of the principal protagonists at the various congresses of the large federations: Piero Fassino, new secretary in Turin; Lanfranco Turci, chairman of the regional executive committee in Emilia; Michele Ventura, secretary in Florence; Antonio Bassolino, secretary in Campania; and Luigi Colajanni, secretary in Sicily. Almost within their age group is Riccardo Terzi, who played the lion's role in the congress of his federation of origin, after having been excluded politically in the previous years.

It is accordingly a party in the process of change--a genetic mutation, pure and simple. What is the aim? As recently as 4 years before--at the 1979 congress--and despite the fact that the sun had already set on the policy of "democratic solidarity," party strategy nonetheless was still based on the "historic compromise"; it was an accepted fact, although not by everyone. In Perugia, for example, Paolo Bufalini paused to explain that the literal interpretation of the "historic compromise" had been discarded (because of the



distortions it had undergone) but not the basic inspiration of that concept. In Rome, however, Emanuele Macaluso insisted that the "democratic alternative" is in actuality something different: that it is an alternative to the DC [Christian Democratic Party]. In Padua, municipal secretary Flavio Zanonato maintained that "even with the alternative, one cannot throw away the experience of the historic compromise." Forty kilometers away, however, the secretary of the Venezia federation, Cesare De Piccoli, declared that the new "line" represents "a radical departure from the previous policies."

Hard-line standpatters and impatient reformists are everywhere confronting each other on another terrain as well, over the meaning to be imparted to the "alternative," namely: Should the alternative be construed as a process originating from below--one that often means postponing solutions that are deferrable and breaking with the Left--or as a marshaling of forces, that is to say, as a process based on unity of the Left? Enrico Berlinguer, who is fond of the "dialectic of opposites" (the communists are simultaneously "conservatives and revolutionaries," he had ventured to say several years ago), has attempted to synthesize the two meanings. "There is a tendency on the part of some," he had said, "to place the emphasis mainly on the fact that construction of the 'alternative' depends basically on the development of the movements within society, and a tendency on the part of others to place the emphasis on the political and parliamentary aspects of this initiative. I believe that both tendencies are too unilateralist." It is not simply the traditional dispute between planners and pragmatists, but something more; and the Berlinguer synthesis is in danger of proving to be merely a brilliant verbal artifice. According as one or the other interpretation of the alternative is emphasized, the result varies radically. The alternative can accordingly lead to the opening of a broad dialog on the Left, or to a partisan exclusivity in which the alternative becomes precisely an ostentatious distinction rather than a viable political process.

In this regard, many communist leaders have undertaken to restrain the upsurges of antisocialist sentiment that are being manifested here and there. At Mantua, for example, an amendment was presented (and voted down) that called outright for "redimensioning the role of the PSI." The party prefers to challenge the PSI on a terrain that once was unthinkable: that of reformism. "We shall not criticize the reformist culture of the PSI," Aldo Tortorella declared in the Emilian capital, and asked, "How can the accusation of maximalism be leveled against a party such as ours that in Bologna demonstrated its capacity for accomplishment?" Turci invited the PSI "to define reformism itself in terms of a program," and gave assurances that "the PCI will not fail to meet the challenge positively." In Milan, Reichlin said: "Partisanship does not rouse our enthusiasm; we do not aspire to eliminate the PSI. We respect its great influence, its capacity to represent essential components of society," he added. The most outspoken of them all, however, was Pietro Ingrao, who said in Palermo: "I'm not asking the PSI to commit itself fully to the struggle that we have proposed to undertake; this I am asking--first and foremost--of ourselves. God grant that the continuing polemic between us and the socialists will transform both them and us."

Alternative and transformation--including transformation of the PCI. "The new policy line must go hand in hand with reform of the party; indeed, it must be one single process," Bassolino said in Naples. Transformation means more internal democracy, open debate, and openness with respect to the manner in which political goals are determined. The resistances to be overcome are many, and the taboos to be smashed are deep-seated. "The negative influence of 'democratic centralism' is the bottleneck through which the 'alternative' must pass," Massimo Cacciari asserted provocatively in Venice. Wherever the demand for total internal democracy is presented as something that will supersede democratic centralism it is voted down (but receives one-third of the total vote), for images are not destroyed that easily; but in the Ingrao version--which certainly presupposes just such a supersession--this demand passes by a very large majority.

Will the same thing happen at the Milan congress as well? Efforts to hold back this "wave" will not be lacking, and the position adopted by Enrico Berlinguer will be decisive. We may recall that at the 11th Congress he was the only top-level party leader to dissociate himself from the Ingrao lynching: for that reason he was relegated to purgatory, to the Lazio regional organization. Today he is "King Enrico," and the other PCI--the PCI that is so different from the PCI of the past--will depend a great deal on his decisions.

#### Desire for Internal Democracy

Rome L'ESPRESSO in Italian 6 Mar 83 pp 8-9

[Article by Renzo Di Rienzo: "From Now On, Control Will Be More Difficult"]

[Text] Milan--Some are already talking about a cultural "semirevolution." It is a fact that from now on the right to dissent from the policy line of the secretariat is officially permitted. Even embryonic forms of internal factionalism are being tolerated, as is certainly evidenced by the group that has gathered around Armando Cossutta. After all this, it is automatic that another important question will be placed on the agenda of the 16th Congress, namely: How will the hierarchic ladder be climbed within the PCI? In what way will party members be selected to assume leadership posts?

In short, another of the postulates on which democratic centralism was founded is beginning to totter: the promotion of party officials by the process of cooptation. The leadership group, moreover, had provided itself with a shield against criticism, namely, the concept that the general party line was axiomatically correct and only its implementation could be erroneous. However, now that Pietro Ingrao has put forward his proposals concerning internal democracy--proposals that have been approved at many federation congresses (to the effect that differences of opinion occurring at the top level of the party leadership must be made known to, and discussed by, the central committee)--one of the fundamental principles of democratic centralism has been undermined: no party line can any longer be "axiomatically correct" once you have several lines (including alternatives) under discussion. Moreover, selection of the persons charged with representing these policy lines can no longer be made by the top leadership via the device of cooptation.

Those who know Ingrao say it is rather improbable that he will feel inclined to place himself at the head of this vast movement of innovators which has emerged from the federation congresses--and yet Ingrao's pronouncement has already begun to produce a series of chain reactions within the party.

The communist leader who to date has been the most outspoken on this subject is Riccardo Terzi, who following the most recent elections was expelled from the secretariat of the Milan federation on grounds that he did not know how to stand up to the socialists. In recent weeks Terzi obtained a considerable measure of revenge within that very same federation, in that he succeeded in getting himself elected on the coattails of secretaries Cervetti and Vitali after having given a speech in open opposition to the party leadership. To quote Terzi: "What is new about this congress is the fact that for the first time the rank and file is being called on to express their views on diverse political positions--on contrasting viewpoints--that have not already been arbitrated and settled in advance within the leadership group. One of the premises of democratic centralism," he said, "has accordingly fallen by the wayside: the fetishistic concept of party unity has withered away." According to Terzi, once this state of affairs is permitted certain consequences will ensue, the principal of which is as follows: "The selection of the leadership groups and of our candidates for public office must be the result of a comprehensive and open democratic dialog and can no longer be decided at restricted meetings of committees and subcommittees in accordance with the logic of cooptation."

Following these initial trials it became apparent that although on the one hand the secret ballot serves to release tensions, bitterness and impatience among the rank and file vis-a-vis lower-level and top leaders of the party, it also serves to motivate the leadership groups of the federations to organize themselves with a view to avoiding unpleasant surprises.

"The leadership groups of the federations," said Lauro Casadio, vice chairman of the Lombardy region, "have coalesced behind the candidacies of the super-loyalists and cut away the two wings of the party, the right wing and the left wing--our wing." Although he is a traditionalist with respect to the basic principles of communism and the "USSR connection," Casadio is very receptive to the concept of internal democracy within the party. He sums up the position of the Cossutta faction as follows: "Today, within the party, diverse voices are heard; there are profound differences on important questions. If this is to be an unquestioned fact henceforth, it is essential that all opinions and all ideological positions enjoy their rights of citizenship and representation within the party, all the way from the rank and file to the top level of leadership. But what has happened so far instead? They have told us: You can speak freely. We have spoken; we have presented our arguments against the 'break,' and they have punished us by drastically reducing our representation for the congress and also our representation on the federation committees."

In view of how the secret ballot has worked out in practice, would it therefore be better to return to the system of negotiations and contrived votes that avoids unpleasant surprises and guarantees a place on the ticket to everyone?

"No," Casadio said. "Let us indeed adopt the secret ballot, on condition however that the party by-laws be revised. We are asking that each elector be allowed to state only a limited number of preferences, in order that even the minorities will be able to elect their representatives."

In short, it means we should understand that the debate concerns the "abc's" of the rules of democracy.

"The secret ballot is only the first step, however; the ensuing steps will be longer and much more important," warned Luigi Colajanni, secretary of the Sicilian federation and member of the PCI leadership.

What other steps will be taken during and after this congress?

"In the first place," Colajanni said, "it will be necessary to formalize a method whereby differences of opinion arising at the top level will be discussed at every party meeting. In the second place, even major decisions must be taken only after the fullest possible debate involving the party rank and file. And in the third place, it will be necessary to introduce a review process that will apply even to the conduct of individuals (that is to say, party leaders), and this process will in turn require introduction of the secret ballot."

In short, is the PCI going back 17 years and rediscovering the themes that Ingrao launched at the 11th Congress?

"Almost everything has changed during these 17 years," Colajanni declared. "The exaggerated form of trade unionism that once existed has been corrected, and even Ingrao's ideas have changed. The most significant fact today is that the rank and file have upset the agenda and have imposed the themes that are nearest their heart."

#### Comment by Various Politicians

Rome L'ESPRESSO in Italian 6 Mar 83 p 11

[Article: "Interested Spectators"]

[Text] Here is the judgment that politicians of various tendencies are making of the PCI and of the tasks which the congress is preparing to undertake.

Luigi Pintor: "I have been struck in particular by a certain similarity with what I would have wanted the 12th or even the 11th Congress to be: by a certain intensity or excitement and, in short, by less conformism. No Soviet blackmail such as that which cost us the cancellation, but also fewer suggestions to the leadership groups. When I think how difficult it was 15 years ago to support an alternative policy line--and how easy it is today to accept it, or even to oppose it--I experience a feeling of melancholy envy."

Antonio Giolitti: "Twenty-six years ago, at the Eighth Congress of the Italian Communist Party, outspoken and firm dissent on a subject such as relations with the Soviet Union led inevitably to a break; and the very idea of a couple of 'no' votes or even abstentions (as in my case and that of Furio Diaz) was regarded as intolerable. Today, at the PCI congresses, we are divided into two groups over the choice between the word 'strategy' and the word 'line' in connection with the 'alternative.' Democracy has pulled down the barriers of centralism. Now the PCI is seeking to recoup the lost time: in other words, it is seeking--without wasting any time--a new identity and a new policy that will be consistent with the Western, 'reformist' option. There are those who want the party to atone for the lost time in a lengthy purgatory, and there are also those who want to speed up the change and its beneficial consequences for democracy in Italy. I am in the latter category. I do not believe that this position can be validated only by supporting a socialist-led government; I believe that such verification can be provided--and with much more profound effects--by the opportunity offered by the agreement on the cost of labor: that is to say, by the effort to accept and promote all the "institutional" consequences of such an agreement, which means accepting and promoting a single trade union that is aware of its own responsibility in the realm of economic policy and is completely independent of the government and of the political parties--of any government and of any political party."

Leo Valiani: "Seven years ago Berlinguer committed himself--in my opinion, quite correctly--to the Atlantic Alliance and to an economic policy of austerity. I believe that the abandonment of these positions by the PCI--in the ensuing years--was completely wrong. Since the invasion of Afghanistan the USSR has been much more threatening than previously. If the Atlantic Alliance could be accepted before that invasion, all the more reason to accept it afterward; but there is no point in accepting it if it cannot be strengthened sufficiently to enable it to neutralize the Soviet threat. Similarly, if austerity was necessary when there was only inflation to contend with, it is even more indispensable now that in Italy we have both inflation and unemployment at the same time. Without an Atlantic Alliance that is adequately rearmed, and without a policy of austerity that is equitable and not one-sided, the Leftist alternative for which the PCI congress hopes would lead us only to catastrophe. Mitterrand has already come to realize this."

Aldo Natoli: "If my interpretation is correct, based on my reading of the summary reports that have been published, it is a good thing that the attention of the congresses has not been concentrated on the 'break' despite the efforts of the zealots--mediocre individuals--who raised this issue. It is important, on the other hand, that attention be centered on the problem of the 'openness' of the decisions that are taken and of the restitution to the Central Committee of the powers of which it has consistently been dispossessed. This would be an initial blow to bureaucratic centralism. Both questions, however, have to do with the historic political identity of the PCI, a fact that is very far from being dealt with adequately. Proof of this circumstance is to be found in the insubstantial character of the 'third way,' which as a strategy should be the central problem of a party that still calls itself communist."

Frane Barbieri: "What is taking place in the PCI certainly cannot be explained solely as impatience with the autocratic manner in which the decision was made to shift from the strategy of the 'historic compromise' to that of national solidarity and subsequently to that of the 'democratic alternative.' It seems to me that a genuine break--a 'split'--has taken place. The party no longer finds itself torn between its association with Western political civilization and its ties with Eastern civilization. The estrangement from Moscow seems now to be an established fact, in the measure that it was inevitable. The Komintern-oriented party corresponded to a strategy whose objective was extension of the Soviet sphere--in the appropriate forms--toward the lands of Western Europe. The Western democratic alternative, chosen by the PCI, requires instead a party that derives its inner inspiration from democracy and from the West. The basically Stalinist carapace of 'democratic centralism' has become too confining. The PCI, as a result, no longer resembles any other communist party; it is going even beyond Eurocommunism and is taking on the characteristic features of a new 'Euro-Left,' if not actually those of the social democratic movement."

Massimo L. Salvadori: "The problem of internal organization has unquestionably been treated with a breadth and freedom of debate that is without precedent in the PCI. What has struck me in particular, however, is the inclination of the party leadership to restrain this debate. A party 'does not exist to debate, but to decide,' Alessandro Natta has said. This is a formula that is not being implemented, however; it is obvious to everyone that debate--a lot of debate--is essential in order to make a genuine decision."

### Three Problems for Party

Rome L'ESPRESSO in Italian 6 Mar 83 pp 12-14

[Article by Lucio Coletti: "A New Party: What Does It Mean?"

[Text] Signs of vitality and of great ferment, but at the same time signs of a profound malaise as well: this is the image that appears to stand out on the eve of the 16th Congress. The troubled search for a "new identity"--a search laboriously initiated long ago--is perhaps about to be accelerated suddenly, even though the process will of necessity be neither rapid nor painless. Three major problems await resolution by the congress, and at least the essential features of these problems should be pointed out:

1. Questions of internal democracy. Ingrao appears now to be harvesting the fruit of the battle so courageously formulated at that 11th Congress all of 17 years ago. When diverse positions make their appearance within the party leadership, the Central Committee should be placed in charge of the resultant discussion and decision-making. It should always have been so, even when one follows to the letter the principles of "democratic centralism," which stipulates that in the intervals between congresses the sovereign organ of the party is the Central Committee. The practice, however (as is well known) has always been the reverse. Whoever proves to be in the minority within the leadership has been--and still is--obliged to uphold the theses of the majority before the Central Committee. In this way the debate at the top level of the leadership has remained secret, and the main body of the party has remained in the dark. In short, democratic centralism has been--in practice--

consistently and solely a bureaucratic centralism. If it succeeds in making headway at the congress, innovation would be essential. The alternatives--in terms both of tactics and of strategy--would be discussed openly. The diverse policy lines (that is to say, the diverse factions, which have always had a de facto albeit secret existence) would come out into the open. The entire body of the party, beginning with the rank and file, could begin to become politically mature. The historical roots (of Stalinist origin) upon which the party has grown would finally be eradicated.

2. The second major problem--which the congress will be unable to avoid, regardless of the percentage of support that has coalesced around Cossutta--is that of defining the new status of its relations with the Soviet Union. Yes, indeed: the "impetus" that derived from the October Revolution has "run out of steam." Since when, one asks, and in consequence of what involuted process of change that has taken place in the USSR? These are questions which it would appear difficult to avoid. The old elaborations (the "national ways," "unity in diversity," et cetera) have had their day. The independence and autonomy of the PCI from the Soviet Union will become hardened and irreversible, if and when they are accompanied by an accurate judgment as to the nature of that regime. Recently it appeared that the PCI was about to embark on this course: significant efforts were made to call attention to the "power politics"--and in some cases even to the "imperial" nature--of the USSR, but the process was then blocked once again. The question is therefore decisive, because the judgment concerning the USSR indirectly entails the necessity of reviewing--and focusing on--the judgment concerning the West.

This point was addressed insightfully by Giovanni Ferrara in the 30 October 1982 REPUBBLICA. If the PCI--in dealing with specific events--does in fact criticize Soviet international policy as a "national" policy but then finds it necessary to support that policy as an "anti-imperialist" policy "protecting" the Third World, or indeed as a "pacifist" policy, it obviously runs the risk (because even such an "anti-imperialist" or "pacifist" policy is in reality a "national" policy) of never escaping from the "enchanted circle." In other words, the USSR identifies its own interests as a world power with its anti-imperialist and pacifist mission. Soviet anti-imperialism and Soviet pacifism are in reality anti-Americanism: that is to say, the power politics of one empire (which is, moreover, currently the most aggressive) against another empire. Clearly, if the PCI is not successful in unmasking this lie and instead continues to make this "mission" its own, it will--regardless of its actual intentions--be unable to escape the fate of continuing to act as a force which in the final analysis implements the world strategy of the Soviet state. Proof of this can be seen in the "one-sided" pacifism of the campaign against the Euromissiles, and also in the substantial rejection of the Atlantic Pact after it had been formally accepted.

3. The third question is the policy of the "alternative," which will obviously necessitate the ability to develop a rapport with the PSI. In this regard, much stress is laid on the serious difficulties that stand in the way. These real difficulties, however, are quite different from those that are customarily cited (the arrogance of Craxism, its thirst for power, and so forth) and that derive from an overly superficial analysis. The real difficulties are in actuality quite otherwise. The first difficulty concerns the

"choice" of the Western "camp." The PSI has made that choice, whereas the PCI is still far from harboring any such intention (and may perhaps never reach that point). The second difficulty relates to the composition of the forces within the PCI which have pressed for the choice of the "alternative" and therefore also for an effort to be made to bring about a new relationship with the socialists. These forces are made up of extremely diverse components which are linked together perhaps only momentarily. In terms of maxims and principles, one of these components is fairly similar to the PSI: this is the so-called "reformist" wing. The other component, however--the Ingrao "pro-change" component--retains a revolutionary choice (revolutionary, yes, although different from the classic Leninist choice). Its aim is to "escape" from the system, and for this reason it appears fated not to find any real reasons for agreement: proof of this can be found in the recurrent instances of trade-union extremism.

It will obviously be very difficult for the congress to solve all the problems with which it has been charged. It will be important, however, to see what method the congress will adopt to deal with them, and above all to see whether the congress will have the fortitude to bring into the open everything that is brewing behind the scenes.

#### Analysis of Vote Totals

Rome L'ESPRESSO in Italian 6 Mar 83 p 12

[Article: "How Many and For Whom"]

[Text] The percentage (9 percent) identified as "pro-Cossutti" consists of the votes cast in favor of the Cossutta and Cappelloni amendments, plus the abstentions. More cautiously pro-Soviet motions, agendas or amendments also absorbed the Cossuttian votes (hence the total figure of 15 percent).

Ingrao's positions with respect to internal democracy (calling for open debate) were not voted on at all of the federation congresses, with the result that the percentage of approval is reduced to 68 percent, including a 7 percent vote in favor of more drastic amendments (calling for the abolition of democratic centralism) that were adopted at only a few of these assemblies.

The "NATO problem" was voted on by only a few communist federations. Demands for Italy's unilateral withdrawal from NATO received less support (10 percent) than did other--milder--positions which spoke of "prospects for progressing beyond blocs" and included, as an objective, withdrawal from the Atlantic Alliance; these positions received 17 percent of the total vote at all the precongresses.



## Complete Vote Totals

Rome L'ESPRESSO in Italian 6 Mar 83 p 13

[Text] At the PCI provincial congresses of the PCI, three questions in particular were voted on: 1) the break with the USSR, voting on critical amendments that either reproduced Cossutta's amendments or were adapted to his positions; 2) internal democracy, voting on amendments that derived in various ways from the Ingrao proposal for open internal debate; and 3) NATO, voting on amendments that called for the immediate--or prospective--withdrawal of Italy from the Atlantic Alliance. The amendments concerning the "break" were voted on, and rejected, almost everywhere. The amendments concerning internal democracy were approved in 46 [as published] congresses, which were held primarily after the Florence congress of 6 February and were rejected in only five federations. The amendments concerning NATO were approved in 29 [as published] federations. On these three questions we have--in calculating the percentages--grouped the affirmative votes together with the abstentions, interpreting these abstentions as also being in opposition to the position expressed in the document originating with the Central Committee. Those provincial federations not listed did not vote on any amendments. Where no percentages are indicated, no substantive amendments concerning the issue in question were voted on:

Table 1. Where and How They Voted, and for What

(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)	(1)	(2)	(3)	(4)
EMENDA- MENTI (Voti favorevoli + astenuiti)	CONTRO LO STRAPPO	DEMOCRAZIA INTERNA	CONTRO LA NATO	EMENDA- MENTI (Voti favorevoli + astenuiti)	CONTRO LO STRAPPO	DEMOCRAZIA INTERNA	CONTRO LA NATO	EMENDA- MENTI (Voti favorevoli + astenuiti)	CONTRO LO STRAPPO	DEMOCRAZIA INTERNA	CONTRO LA NATO
<b>LOMBARDIA</b>				<b>VENETO</b>				<b>CAMPANIA</b>			
Milano	15%	90%	15%	Venezia	5%	99%		Napoli	23%	90%	
Pavia	15%			Belluno	26%	28%		Avellino	30%	95%	
Mantova			10%	Treviso	15%			Caserta	19%	92%	38%
Bergamo	15%			Vicenza	5%		5%	Benevento	8%	100%	9%
Cremona	15%			Verona	20%			Salerno	15%	13%	49%
Como	12%										
Brescia	10%	95%	30%	<b>TOSCANA</b>				<b>ABRUZZO</b>			
Varese	10%			Firenze	2%	52%	3%	Pescara	27%	85%	
				Prato	10%	99%	40%	Teramo	3%	95%	
<b>PIEMONTE</b>				Lucca	25%	90%	52%	Chieti	16%	97%	55%
Torino	12%	66%	30%	Pistoia	25%	70%	25%				
Alessandria	10%	90%		Siena	7%	99%		<b>MOLISE</b>			
Novara	5%			Arezzo	10%	98%		Isernia	65%		
Vercelli	10%			Livorno	4%	99%	10%	Campobasso	5%	97%	
Biella	24%	80%		Grosseto	10%	98%					
Aosta	25%			Massa C.	40%		35%	<b>LUCANIA</b>			
				Pisa	5%	99%		Potenza	25%	85%	
<b>EMILIA- ROMAGNA</b>				<b>LIGURIA</b>				<b>PUGLIA</b>			
Bologna	2%	99%	3%	Genova	5%			Bari	7%	82%	47%
Ferrara	2%	99%		Imperia	20%		35%	Lecce	2%	55%	
Ravenna	2%			La Spezia	5%	30%		Foggia	1%		
Forlì	5%							Taranto	5%	45%	
Reggio E.	8%	98%	20%	<b>MARCHE</b>				Brindisi			35%
Modena	1%	80%		Ancona	13%	70%					
Rimini	3%	98%		Pesaro	9%		26%	<b>CALABRIA</b>			
Parma	15%		17%	Ascoli P.	20%			Reggio C.	20%	16%	51%
Imola	3%			Macerata	25%			Cosenza	20%	97%	49%
								Catanzaro	16%	90%	38%
<b>FRIULI VENEZIA GIULIA</b>				<b>UMBRIA</b>				<b>SICILIA</b>			
Trieste	30%	80%	35%	Terni	9%			Palermo	7%	98%	
Udine	10%	75%		Perugia	19%	99%	23%	Catania	7%	95%	
								Messina	13%	98%	
<b>TRENTINO</b>				<b>LAZIO</b>				Caltanissetta		55%	
Trento	20%	90%		Roma	13%	95%	13%	Agrigento	25%		
Bolzano	20%			Viterbo	20%		65%	Siracusa	22%	80%	
				Rieti	8%			Enna	7%		
				Frosinone	11%	51%					
				Latina	5%	100%	8%	<b>SARDEGNA</b>			
								Sassari	7%		

Key:

1. Amendments (affirmative votes plus abstentions)
2. Against the break
3. For internal democracy
4. Against NATO

10992

CSO: 3528/111

## AUTONOMY ELECTIONS INSTITUTE NEW POLITICAL POWER CENTERS

Madrid EL PAIS in Spanish 16 Apr 83 pp 19-24

[Article by Javier Angulo and others]

[Text] This coming 8 May, around 14 million Spaniards in 13 autonomous communities will go to the polls to elect the members of their respective regional parliaments. In all, more than 5,000 candidates are running in 31 provinces for a total of 764 seats. This will formally culminate the home rule process in Spain, inasmuch as Catalonia, the Basque Country, Galicia and Andalusia, which got their statutes passed previously, already have parliaments that were elected by universal suffrage. The following pages contain reports from our network of correspondents on the communities that traveled the autonomy path charted by Article 143 of the constitution and that are now holding regional elections simultaneously with the municipal balloting.

More than 14 million persons in 31 provinces are eligible to vote on 8 May for the 764 members of the parliaments in the 13 autonomous communities that had their statutes passed under Article 143 of the constitution and that still do not have stable organs of self-government. The first autonomy elections in all these communities, held at the same time as the municipal voting, represent the formal culmination of the autonomy process and the achievement of the main goal of the autonomy pacts that were signed 2 years ago: institutionalizing for the first time throughout Spain the echelon of home rule political power between the State and local bodies.

On 31 July 1981, the ruling party, the UCD [Democratic Center Union], and the opposition PSOE [Spanish Socialist Workers Party], after several weeks of intense and difficult negotiations, hammered out agreements that for the first time charted a definitive map for home rule in Spain and established norms to organize and streamline the autonomy process until its conclusion. These agreements shaped and standardized most of the statutes of the 13 communities that are now holding elections and even bound the signers to stage the elections by certain deadlines.

By that time, Catalonia and the Basque Country, which negotiated their statutes under Article 151 of the constitution, had already held their autonomy elections and set up their autonomous parliaments and governments.

Before the close of 1981, Galicia, with a statute also negotiated under Article 151, had its own parliament and government board too. Andalusia, with the same home rule status as the three historic nationalities, still went through a long and conflict-ridden process before its statute was passed on 11 January 1982 and its organs of self-government established in June of that year. Galicia and Andalusia were not particularly influenced by what the autonomy pacts stipulated with regard to the mechanisms for electing regional assemblies.

The agreements did directly influence in this regard the remaining 13 autonomous communities, which negotiated their statutes under Article 143 of the constitution and that are now holding home rule elections: Cantabria, Asturias, La Rioja, Murcia, the Valencian Community, the Canaries, Navarre, Castile-Leon, Castile-La Mancha, Aragon, the Balearic Islands, Extremadura and Madrid.

Overshadowed by the political significance of the municipal elections, the balloting for the autonomous parliaments is nevertheless of far-reaching importance, because for the first time in Spain's history home rule governments are going to be institutionalized throughout the territory, constituting a level of political decentralization and self-government that the constitution provides for between the central government authorities and local bodies. The importance of the home rule elections lies not so much in the establishment of the regional parliaments, which will have limited legislative potential, at least over the next few years, as in the fact that they will appoint the individual who will head the government of their communities for the coming 4 years.

These home rule governments will be representing the interests of each community, absorbing the delegations in the autonomies that consist of a single province and challenging their current power in the autonomies consisting of more than one province. Whether they like it or not, these autonomous governments are going to condition the independence of action of the city halls, unless a perfect local administration law provides otherwise.

#### Tug of War with the Delegations

Although the people in charge of the government's autonomy policy are optimistic in this regard, it does not seem overbold to conjecture that in the near future there might be a genuine tug of war between the government bodies of the autonomous communities and the delegations of the provinces in the communities, especially if the respective heads do not belong to the same political party. Although the autonomous governments are supposed to assume the central government's tasks in the communities, not the tasks of the delegations as a whole, the fact is that experience has shown that in practice, in a good or not so good climate of understanding, provincial approaches are going to be at odds with regional, integration-minded approaches. New autonomous governments that have yet to be defined and structured are going to vie with the proven political and economic weight of the delegations.

The tug of war will be more or less fierce depending on how relations develop between the autonomous communities and the local bodies that established the autonomy pacts. "Under the terms established in a law of the assemblies of the autonomous communities within the framework of State legislation, the autonomous community will coordinate the regular provision of its own peripheral services through the provincial delegations. The law will establish the mechanisms for community direction and control," the 1981 pacts said with regard to relations between the autonomous communities and local bodies. The pacts were amplified on by the Organic Law for the Harmonization of the Autonomy Process (LOAPA).

"The autonomous community," it stated, "will coordinate the functions of the provincial delegations that are of general community interest. To this end and within the framework of State legislation, an absolute majority of the assembly shall pass a law establishing the general prescriptions for coordination and a list of the functions that are to be coordinated, as well as, when appropriate, the individual characteristics that, in accordance with the nature of the function, are indispensable for their proper coordination. By means of a law passed by an absolute majority, the autonomous community can transfer or delegate to the delegations powers that fall within its area of responsibility. In each such case the law will provide for the corresponding transfer of funds, as well as the direction and control mechanisms that the community reserves for itself."

#### Four-Year Term

Under the statutes, the members of the autonomous parliaments will be elected to 4-year terms by universal, equal suffrage in direct, secret balloting, with the seats apportioned under the D'Hont system. Most of the statutes stipulate that seats will be assigned only to parties, federations and coalitions that obtain five percent of the validly cast votes in the single-province or multi-province autonomous community. The exception is the Canaries, where seats will be assigned only to the groups that obtain at least 3 percent of the validly cast votes throughout the autonomous community or 20 percent of the validly cast ballots in a given election district.

The inclusion of this provision, which came out of the autonomy pacts, in the statutes triggered angry protests from the minority parties in the autonomous communities, and it is going to directly affect the nationwide and regional political forces that have weak support. Their chances of getting into the autonomous parliaments are going to be lessened, to the benefit of the major political forces: the PSOE and AD [Popular Alliance]-PDP [People's Democratic Party]. These two parties will divide up most of the 764 seats at stake.

An autonomous parliament could pass an electoral law altering this proportional system and even the criterion for representation in the

respective assembly in each of the provinces that are part of the community. The Popular Group (AD-PDP) has voiced its open opposition to distributing the seats by provinces, as stipulated in many of the recently passed statutes.

The members of the 13 new autonomous parliaments to be elected on 8 May will not have to worry about conflicts of interest, because they can at the same time serve as senators, members of provincial delegations or councilmen. The autonomy pacts and a future law of conflicts of interest in government so stipulate. The respective parliaments will, however, pass laws establishing the grounds for ineligibility and conflicts of interest.

In line with the provisions of the autonomy pacts, all of the statutes stipulate that the members of the autonomous assemblies will not receive fixed compensation for their work, merely a per diem allowance for attendance at plenary and committee sessions. This provision is not explicitly included in the Navarre, Valencia and Canaries statutes, which puts its obligatory character in doubt. Under specific organic laws passed by the Cortes (popularly known as LOTRAVA and LOTRACA), Valencia and the Canaries have been accorded home rule jurisdictions similar to those in the Basque Country, Catalonia, Galicia and Andalusia.

The inclusion of this provision, which precludes outlays for 764 new salaries, has prompted not a few conflicts in the drafting of the recent statutes. Joaquin Leguina, the PSOE candidate for president of the government body of the Madrid autonomous community, clashed harshly and at times bitterly with the people in charge of his party's autonomy policy in a bid to prevent the provision from being included in the Madrid statute; he was unsuccessful.

#### Statutes Govern Elections

In contrast to the legislative and municipal elections, the autonomy elections are not governed by specific laws or a law common to them all. We might say that the only standard of reference for the voting on 8 May in the 13 autonomous communities is to be found in the autonomy pacts, and attempts were later made to incorporate what they stipulate in the 13 autonomy statutes (as we will see later, however, there were gaps and mistakes). It is these autonomy statutes and specifically their transitory provisions that establish the mechanics for the elections and the manner in which they are to be called in each autonomous community.

Secondarily, the statutes stipulate that the regulations governing election to the Congress of Deputies will apply. The statutes also state that the autonomous parliaments can pass during their first term specific laws to govern the next home rule elections.

Most of the statutes stipulate that the province will be the election territory for this balloting. The exceptions are the Canaries and

the Balearic Islands, where each island constitutes a district, and Asturias and Murcia, where three and five electoral districts, respectively, have been set up (they comprise groups of nearby municipalities).

Since the province is going to be the election district in most of the autonomous balloting, the returns will show how much voting trends might have changed from the legislative elections on 28 October 1982. This will not hold for Galicia, Andalusia, the Basque Country and Catalonia, where home rule elections are not being staged.

Nevertheless, in the latter two communities, whose autonomous parliaments were established in March 1980, the municipal elections are presumably going to be utilized by the nationalist political forces that control the self-government institutions to tout their performance so far in office; their term ends next year. The PNV [Basque Nationalist Party] has, in fact, coined the slogan "It's working" for its municipal election campaign. As we have already seen, the opposition in the Basque Country and Catalonia is going to focus its campaign on criticizing the performance of the nationalists in the autonomous governments in a bid to attain municipal supremacy and, at the same time, offer the electorate alternatives to the nationalists with a view towards the autonomy elections scheduled for 1984.

The 1980 elections in Catalonia and the Basque Country reflected a major shift in the vote with respect to the 1979 legislative elections. This was due to the major push that the nationalist parties such as the PNV and CiU [Convergence and Union] made to improve their standing, as Basque and Catalan citizens placed greater trust in them than in the nationwide forces in representing the interests of their autonomous communities. Because strong nationalist parties do not exist in the 13 autonomous communities now holding elections, the battle will boil down to the PSOE and AP, and thus the voting patterns that emerged this past 28 October could repeat themselves.

Extrapolating the results of that election, we would see the Socialists winning a simple majority (less than half the seats) in the 13 autonomous parliaments to be chosen and an absolute majority, which would also mean controlling the autonomous government presidency, in 7 of them: Asturias, Murcia, Madrid, Aragon, the Valencian Community, Castile-La Mancha and Extremadura. Adding in the seats predicted for the PCE [Spanish Communist Party] would not give the Socialists an absolute majority in any of the remaining autonomous communities, while a potential coalition between or transfer of votes from UCD to AP-PDP would presumably give the Right an absolute majority in the Balearic Islands and La Rioja.

In autonomous communities like Cantabria, Castile-Leon and the Canaries, where there is not much of a difference between the PSOE and AP, an absolute majority for one party or the other might depend on what the Democratic and Social Center (CDS) does with the seats it might win. The situation is more complex in Navarre, where 50 deputies will be elected; the key is to be found in whom the parties decide to support.

## Establishment of the Autonomous Communities (1980-1982)

	<u>Date Statute Took Effect</u>	<u>Under</u>
1. Catalonia	11 January 1980	Article 151 of the Constitution
2. Basque Country	11 January 1980	Article 151
3. Galicia	27 February 1980	Article 151
4. Andalusia	11 January 1982	Article 151
5. Cantabria (single province)	31 January 1982	Article 143
6. Asturias (single province)	31 January 1982	Article 143
7. La Rioja (single province)	9 July 1982	Article 143
8. Murcia (single province)	9 July 1982	Article 143
9. Valencian Community	10 July 1982	Article 143 and LOTARVA
10. Canaries	16 August 1982	Article 143 and LOTRACA
11. Navarre (single province)	16 August 1982	Special arrangement
12. Castile-La Mancha	17 August 1982	Article 143
13. Aragon	5 September 1982	Article 143
14. Extremadura	26 February 1983	Article 143
15. Balearic Islands	1 March 1983	Article 143
16. Madrid	1 March 1983	Article 143
17. Castile-Leon	2 March 1983	Article 143

### Statutes Under Study

18. Ceuta	First draft under study	Special arrangement
19. Melilla	First draft under study	Special arrangement

### Aragon: 66 Parliamentary Seats

Zaragoza. Voters: 617,130. Seats: 32  
Deputies 28 October 1982: PSOE, 5; AP-PDP, 3

Huesca. Voters: 170,857. Seats: 18  
Deputies 28 October 1982: PSOE, 2; AP-PDP, 1

Teruel. Voters: 120,600. Seats: 16  
Deputies 28 October 1982: PSOE, 2; AP-PDP, 1

### Duel Among Leading Figures

The main political parties are running in the regional elections, and in some cases they have nominated their most popular men, at the expense of the municipal elections. A key factor that could enable the PSOE to come out on top is the lack of unity on the Right: the AP and Aragonese Regionalist Party were unable to hammer out a pact because of differences of opinion in drafting a program and devising a campaign. Gomez de las Rocas's regionalists wanted to impose their Aragonese nationalist ideas. What remained of the UCD was distributed among the AP, Aragonese



Regionalist Party (PAR) and PDP. The PDP is running in a coalition with AP. The PAR got most of what was left of the UCD, which will boost its vote total in this election; its key man is its president, Gomez de las Rocas, a deputy in Congress.

Since entering the pre-autonomy stage, Aragon has had three presidents: Juan Antonio Bolea (UCD), who now belongs to the PAR; Gaspar Castellano (UCD), who resigned some 100 days ago when he did not receive enough support from his own party in the assembly, and Juan Antonio de Andres (UCD), the current one.

The period of pre-autonomy and autonomy has been characterized by a policy of obscurantism interrupted by occasional flashes of light, while the Aragonese people stayed far away from their institutions. When the current president, Juan Antonio de Andres, took office (he had the UCD votes, while the other parties, PSOE, PAR, PCE and AP, abstained), Aragonese institutions were bolstered and given greater publicity, in order to give the Aragonese people hopes about their autonomy. The campaign to publicize the statute and the institutions, which will culminate on 23 April, has been a key factor. There have been problems, which are being resolved with the process of transfers, after the General Delegation spoke out against its apparent halt, and the guidelines have been laid down for what will eventually be a plan for cooperation among the communities of La Rioja, Navarre and Aragon.

This region, which saw the 1936 Caspe Statute fail, could regain its hopes and faith in home rule after the upcoming elections, in which the major parties are competing: PSOE, PAR, AP-PDP, CDS, PCE and other candidates of independent coalitions.

The battle for the ultimate triumph seems to be among the PSOE (which will be helped by the dissent on the Right), the PAR and AP. Santiago Marraco, the Socialist candidate; Hipolito Gomez de las Rocas, from the PAR, and Rafael Zapatero, the regional president of AP, are vying for the presidency of the Regional Delegation. The PSOE was not very optimistic about achieving a majority in the Cortes; the CDS is looking for Center-Left progressive votes; the AP people feel that their break with the PAR might disappoint and disorient the electorate; the Communists will try to keep the four seats they currently hold in the provisional assembly, and the rest of the groups that are running will undoubtedly be doing so just for show.

Although all have announced a constructive, mild campaign, issues such as the track record of previous regional governments will unquestionably be raised. Some of the current councilmen (Biel and Seral) are running on the PAR lists. The platforms bring up the major issues: planning and infrastructure problems, regional development (Aragon is a region with an overly large head, Zaragoza, and feeble body, Huesca and Teruel), communications, energy and farm issues, the presence of bases and firing ranges, the Ebro and the long-sought irrigation of lands.

## Candidates Heading up the Provincial Lists

Zaragoza. PSOE: Ramon Sainz de Varanda. AP-PDP-UL: Rafael Zapatero. PCE: Adolfo Burriel. CDS: Jose Luis Merino. Socialist Workers Party (PST): Ana Isabel Martin. PAR: Hipolito Gomez de las Rocas. United Left of Aragon (IUA): Jose Luis Rodriguez Garcia. Communist Party of Aragon (PCA): Miguel Galindo. Aragonese Socialist Movement (MAS): Fernando Diaz

Huesca. PSOE: Santiago Marraco, Francisco Pina, Carlos Garcia Martinez. AP-PDP-UL: Antonio Lacleta. PCE: Sixto Luis Agudo. PDL: Maria Trinidad Aullo. CDS: Bernardo Baquedano. PAR: Francisco Seral. PST: Miguel Angel Rodriguez Lorit.

Teruel. PSOE: Antonio Catalan. AP-PDP-UL: Leocadio Bueso. CDS: Jose Miguel Mateo Salvador. PCE: Jose Ignacio Navarro. PAR: Valentin Calvo. IUA: Jose Polo.

## Asturias: 45 Parliamentary Seats

Asturias. Voters: 853,981. Seats: 45 (Districts: center, 32; west, 8; east, 5)  
Deputies 28 October 1982: PSOE, 6; AP-PDP, 3; PCE, 1.

## Silva Replaces Veteran Rafael Fernandez

The most significant development in the race for the presidency of the Principality (the candidates for the post head up the lists in the central district) is that Socialist Rafael Fernandez, the pioneer of Asturian autonomy and the only regional president since the pre-autonomy period, is not running. The PSOE candidate for president of the Principality will be Pedro de Silva, the secretary general of the Socialist Parliamentary Group in the Congress of Deputies. De Silva has always distinguished himself for his knowledge of the region's economic problems and has even written a book on the subject: "Asturias: Planning and Reality," which came out just a short while ago.

Francisco Alvarez Cascos, a current AP senator, will simultaneously be the party's candidate for president of the assembly and mayor of Gijon. Alvarez Cascos is best known for his work on behalf of regional sports, at one point heading up the Office of Sports and Tourism.

PCA secretary general Francisco Javier Suarez, a former secretary general of CCOO [Workers Commissions], a post that he resigned to take his current job when Gerardo Iglesias went to Madrid, will be the Communist candidate. Federico Villalobos, a former Labor Ministry delegate, heads up the CDS list.

The General Board will consist of 45 members, to be elected among the candidates running in the 3 districts into which the region of

Asturias has been divided: center (which accounts for more than 75 percent of the voters), east and west. The center will elect 32 deputies; the east, 5 and the west, 8.

The region's current political map shows the PSOE clearly predominant, the majority of the people of Asturias having supported the party since the first elections in 1977. Socialists and Communists hold an absolute majority in the council of government, which is chaired by Rafael Fernandez.

The Asturian autonomous community has already taken on a wide range of responsibilities. Those involving culture are almost completed now, and the hope is that next year it will receive all of the transfers in the areas of labor and health care, which are considered very important. This year's budget totals almost 14 billion pesetas.

#### Candidates Heading up the Lists by Districts

Center. PSOE: Pedro de Silva. PCE: Francisco Javier Suarez. Communist Movement of Asturias-Revolutionary Communist League (MCA-LCR): Jose Uria. Communist Candidacy Coalition: Manuel Sanchez Fernandez. AP-PDP-UL: Francisco Alvarez-Cascos. PST: Domingo Gonzalez de Herrero. Youth, Students and Workers: Alicia Maria Garrido. Popular Struggle Coalition: Enrique Bueno. CDS: Federico Alonso Villalobos.

West. PSOE: Jesus Arango. PCE: Manuel Bernardo Fernandez. MCA-LCR: Vicente Garcia Fernandez. Communist Candidacy: Jose Maria Lopez Fernandez. Ensamble Nacionalista Astur: Francisco Javier Tamargo. AP-PDP-UL: Roman Suarez. Popular Struggle Coalition: Jose Manuel Fanjul. CDS: Sabino Manuel Lopez. PST: Leonor Giuidici.

East. PSOE: Emilio Ballesteros. PCE: Enrique Vigon. MCA-LCR: Luis Fernando Llamado. Communist Candidacy: Ruben Diaz Cueto. Ensamble Nacionalista Astur: Andres Manuel Solar. AP-PDP-UL: Gilberto Espina. Popular Struggle Coalition: Jose Manuel Riesgo. CDS: Emilio Llamado. PST: Santiago Castellanos.

#### Balearic Islands: 54 Parliamentary Seats

Balearic Islands. Voters: 466,909. Seats: 54 (Mallorca, 30; Menorca, 12; Ibiza, 11; Formentera, 1)  
Deputies 28 October 1982: PSOE, 3; AP-PDP, 3.

#### A New Stage in the Wake of Troubled Times

Although the Balearic Islands were among the last to attain their status as an autonomous community, and after a conflict-ridden process at that, the transfers from the central government are almost complete, with the exception of certain items that are being renegotiated and everything connected with financial and tax revenue matters.

Since the current General Inter-Island Council was established in May 1979, the islands have swung to the left, with the rise of the PSOE, the disappearance of the UCD (which split into several groups) and the growth of Popular Alliance, which is now the number two political force, based on the returns from the 28 October legislative elections.

Pursuant to the signing of a political pact aimed at achieving regional autonomy, the Commission of the 11 was established in 1980; on it were represented the political parties that received the most votes in the 1979 elections. The commission took up the task of writing up a first draft of an autonomy statute for the archipelago. The UCD and PSOE then signed another pact to finalize the text of the statute, which was approved in November 1981 by the Assembly of Parliamentarians of the Balearic Islands, which had been called by the General Inter-Island Council and from which Popular Alliance withdrew because it did not approve of the text. The other no vote on the text of the statute came from the nationalists in the Socialist Party of Mallorca-Menorca, who drafted an alternative text for show.

The pre-autonomy process was begun under Article 143 of the constitution, but the no vote by a PSOE member (failing to respect party discipline) of the San Antonio Abad (Ibiza) municipal government brought the process to a halt and gave rise to the AP's filing of a claim of unconstitutionality, based on the alleged illegality of everything that had been done up to November 1982. The Territorial Court of Palma de Mallorca ruled in favor of the claim, and the Balearic-PSOE Socialist Federation appealed the ruling to the Supreme Court, which took some months to hand down a definitive decision. Meanwhile, the draft statute was processed in the Cortes under Article 143 of the constitution, with the Popular Parliamentary Group opposing it, though it was ultimately approved and published in the Official State Gazette on 1 March of this year.

A decree signed 7 September 1979 began the process of transfers, which were almost total in the areas of urban development, tourism (except reports on infrastructure and the granting of credits), transportation (which was later made complete), local government (though many of them have not been implemented and remain provisional) and agriculture (except the IRYDA [Institute of Agrarian Reform and Development] and the ICONA [National Institute for the Preservation of Nature]). Individual subsequent decrees (the last one was dated 29 December 1982) rounded out the picture of transferred jurisdictions, that is, social services and welfare, health care (the functions and services of the Institutional Administration of National Health Care), agriculture and fishing, and industry, commerce and energy. The most recent transfers have to do with culture, trade structures and foreign trade.

According to information furnished to this newspaper by Vicente Matas, the secretary general of the General Inter-Island Council (CGI), "at present we are negotiating expansions of previous transfers and their implementation, rather than new transfers, for example, public works

(ports, roads and the environment), industry (IRESCO), agriculture (IRYDA and ICONA) and finance. In the latter sphere we are renegotiating the transfer of the taxes called for in the Balearic Islands autonomy statute, that is to say, the taxes on property conveyances, estates and gifts; the taxes on casino and other gambling, except for charity, and the taxes on retail trade, except those businesses subject to state monopoly."

These elections bring to a close the period of institutional transition from the dictatorship, during which the CGI has acted as a pre-autonomy institution. From the time of its establishment it has consisted of 24 seats (13 councilmen from the UDC, 4 from the PSOE, 3 independents from Ibiza-Formentera, 2 from the PSM and 1 from AP and PCIBO and Executive Council (the nine councilmen with portfolio) and the chairman. Until the 1983 State budgets are approved, the community's budget totals 3.223 billion pesetas, apportioned among the three island councils and the CGI (350 million).

#### Candidates Heading the Lists by Districts

Mallorca. PSOE: Felix Pons. AP-PDP-UL: Gabriel Canellas. PCE: Josep Velero. Mallorcan Union: Jeronimo Alberti. Spanish Communist Workers Party: Jeronimo Matamalas. Socialist Party of Mallorca (PSM): Sebastia Serra. CDS: Federico Quetglas.

Menorca: PSOE: Tirso Pons. AP-PDP-UL: Juan Huguet. PCE: Miguel Sintes. Socialist Party of Menorca: Joan Lopez Casasnovas. CDS: Carlos Ricci. Independent Candidacy of Menorca: Cristobal Triay.

Ibiza. PSOE: Enric Ribas. AP-PDP-UL: Cosme Vidal. PCE: Antonio Planells. PDL: Alonso Mari.

Formentera. PSOE: Bartolome Ferrer. AP-PDP-UL: Vicente Ferrer. PDL: Jose Ferrer.

#### Canary Islands: 60 Parliamentary Seats

Las Palmas. Voters: 451,580. Seats: 30 (Gran Canaria, 15; Lanzarote, 8, and Fuerteventura, 7)  
Deputies 28 October 1982: PSOE: 3; AP-PDP, 2; UCD, 1.

Santa Cruz de Tenerife. Voters: 438,618. Seats: 30 (Tenerife, 15; La Palma, 8; Gomera, 4 and Hierro, 3).  
Deputies 28 October 1982: PSOE, 4; AP-PDP, 2; UCD, 1.

#### Noteworthy Involvement of Independents

The elections for the autonomous parliament, the first to be held in the Canaries, have aroused the interest of independent groups that normally operate on the peripheral islands, such as Gomera and Hierro.

During the provisional period, which began late last year after the autonomy statute was approved, the autonomous legislative chamber has been run by the PSOE. Its main opposition has been the UCD and AP-PDP-UL, which are running in a coalition in this election; the UCD is running an independent campaign. The autonomous government has also been headed by a Socialist and has been composed entirely of PSOE members, 10 men and 1 woman.

If the Socialists win this election, the government president will again become head of the executive office. Jeronimo Saavedra heads up his party's lists on the island of Gran Canaria. His designation has not prompted any clashes within the party, of which he is regional secretary general, though he has announced that he will step down from the post. All indications are that the president of parliament will once again be attorney Pedro Guerra, the current president, who holds the number two spot on the PSOE's lists on the island of Tenerife, behind the vice president of the autonomous government, Antonio Martinon. The Socialist lists for parliament were hotly debated on the island of Tenerife between the party and the UGT [General Union of Workers], which finally managed to get one of its men, Augusto Brito, among the top five spots.

The Right has been harshly criticized for not placing names regarded as having appeal in the top spots on its lists, in spite of the negotiations to the very last minute. A notable absence in this regard is the former mayor of Santa Cruz de Tenerife, Leoncio Oramas, whose name had been bandied about as possibly heading the Tenerife list. He was ultimately left out when the talks between the AP-PDP-UL and the Independent Tenerife Group (ATI) fell through, in spite of the phone calls from Madrid from Robles Piquer.

The nationalists are running divided in the 8 May elections. First of all, Union of the Canary Islands People is running its most distinguished man, university professor and labor leader Oswaldo Brito. He has earned a reputation of being tireless during the current provisional stage of the Canary Islands parliament, where his hallmark has been the trouble he has caused for the chamber with his questions and proposals (though not bills). The radical nationalists have grouped together under the name Seven Green Stars. Heading its lists is a well-known singer-author, Angel Cuenca. The CDS seems to have control of the center, and the Communists are strongest on the island of La Palma, through the current mayor of the capital, Antonio San Juan.

The transfers to the autonomous communities have been regarded as hasty and poorly funded by the PSOE, which has had to renegotiate them with the central government over the past 2 months. The transfers process will conclude in January 1984, it has been announced.

## Candidates Heading up the Lists by District

Gran Canaria. PSOE: Jeronimo Saavedra. LCR: Adoracion Luz. UPC-AC: Gonzalo Angulo. AP-PDP-UL: Francisco Jose Manrique de Lara. CNC: Gregorio Toledo. PCE: Antonio Gonzalez Vieitez. CDS: Lorenzo Olarte. PST: Jose Antonio Morales. PPC: Segundo Medina. CLP: Francisco Ruiz Montesdeoca.

Fuerteventura. PSOE: Pedro Cabrera. AP-PDP-UL: Francisco Jose Alonso. CDS: Domingo Gonzalez Arroyo. Asamblea Majorera: Miguel Cabrera.

Lanzarote. PSOE: Enrique Perez Parrilla. AP-PDP-UL: Antonio Cabrera. PCE: Patrocinio Barambio. CDS: Jesus Morales. CNC: Agustina Costa. Island Group of Lanzarote: Fernando Curbelo.

Gomera. PSOE: Alonso Trujillo. AP-PDP-UL: Jaime Vega. PCE: Cosme Pinero. Independent Gomera Electoral Group: Esteban Bethencourt.

Hierro. PSOE: Jose Francisco Armas. AP-PDP-UL: Manuel Fernandez Gonzalez. PCE: Aurelio Ayala. Independent Hierro Electoral Group: Juan Padron.

Tenerife. PSOE: Antonio Martinon. AP-PDP-UL: Francisco Marcos. PST: Juan Morales. LCR: Carmen Inmaculada Perez. UPC-AC: Oswaldo Brito. CDS: Manuel Acevedo. Seven Green Stars Party: Angel Cuenca. PCE: Jose Wladimiro Rodriguez Brito.

La Palma. PSOE: Alvaro Argany. AP-PDP-UL: Pedro Acosta. CDS: Fernando Manuel Fernandez. PCE: Antonio San Juan.

Acronyms: AGI [Independent Gomera Group], AHI [Independent Hierro Group], UPC-AC [Union of the Canary Islands People-Canary Islands Assembly], PCC [Communist Party of the Canary Islands].

Cantabria: 35 Parliamentary Seats

Cantabria. Voters: 376,712. Seats: 35  
Deputies 28 October 1982: PSOE, 3; AP-PDP, 2.

## A Controversial President to Check the PSOE

Cantabria has an approximate population of 516,776, 1.36 percent of the total population of Spain, and an area of 5,289 square kilometers. Its organs of self-government are the Regional Delegation, consisting of the Regional Assembly, the Council of Government and the president. Until a few short hours before the filing deadline, it was not known whether the president of the regional government, Jose Antonio Rodriguez Martinez, would run representing the AP-PDP-UL coalition. A former member of the UCD, he had been expelled from the party in March 1982 after refusing to support the official UCD candidates for government president and president of the Cantabrian assembly.

The attempts by an AP faction to shut the door on a candidate whom it accused of being "fickle" in his political alignments clashed with the PDP's support and Madrid's approval of Rodriguez Martinez, "the only man capable of beating the Socialists," in the words of a national AP leader. The president of the Cantabrian executive office, who is running as an independent and who voiced a desire to place conditions on his acceptance of the nomination, finally signed "in blank," thus accepting the list drawn up by the coalition and on which, contrary to his desires, none of his advisers had a spot.

Opposing Rodriguez Martinez will be the PSOE's candidate, Jaime Blanco, who to judge by the results of the legislative elections on 28 October, has a good chance to replace him as president. The Socialist deputy in the Cortes wound up on the list for the regional parliament because the party needed a man with an established image and known vote-getting appeal, and other candidates with less experience in election campaigns were rejected. Once this decision was made, few problems arose in drawing up a list dominated by the current vice president of the regional chamber, Senator Jesus Cabezón, who is running for president of the assembly. He is followed on the list by Enrique Ambrosio Orizaola and Senator Juan Gonzalez Bedoya.

Of the other nine parties running in the regional elections, only the CDS has a chance to place representatives in the Cantabrian chamber (in the person of its number one man, former UCD member Manuel Garrido) if it maintains the vote total it got last 28 October. The Regionalist Party of Cantabria (PRC), for its part, is faced with the challenge of maintaining the one seat it currently holds, to which end it has placed at the top of its list its most popular figure, economist Miguel Angel Revilla, who is running for office for the first time, however. The other candidates for president of the regional government have practically no chance to secure a regional seat; they are: economist Angel Aguado San Emeterio, PCE; Rafael de la Sierra, National Group of Cantabria; the former UCD senator in the first legislature, Ricardo Bueno, PDL; sociologist and former Liberal Mario Gutierrez Barbero, Ecologist Movement of Spain, and the former leader and councilman of the Revolutionary Organization of Workers (ORT), Jose Maria Gruber, representing United Cantabrian Left (ICU).

The government that emerges from the regional elections on 8 May will have to complete the negotiations, through the joint transfers commission, with the central government for the final takeover of the transferable jurisdictions. These negotiations came to an abrupt halt when the legislative elections were moved forward and brought about changes in the central government. Major areas of responsibility have already been transferred in labor and health care, public works and territorial administration, livestock, agriculture and fishing, industry, transportation and communications, culture, education and sports, as well as in commerce, but specific aspects of some of these areas remain to be expanded upon, and the costs of the transfers have yet to be quantified.



### Candidates Heading up the Lists

PSOE: Jaime Blanco. AP-PDP-UL: Jose Antonio Rodriguez Martinez. PCE: Angel Aguado. CDS: Manuel Garrido. Regionalist Party of Cantabria: Miguel Angel Revilla. Nationalist Electoral Group of Cantabria: Rafael de la Sierra. United Cantabrian Left Electoral Group: Jose Maria Gruber. Ecologist Movement of Spain: Mario Gutierrez. PDL: Ricardo Manuel Bueno.

### Castile-Leon: 84 Parliamentary Seats

Leon. Voters: 397,470. Seats: 15  
Deputies 28 October 1982: PSOE, 3; AP-PDP, 2; UCD, 1

Valladolid. Voters: 343,171. Seats: 14  
Deputies 28 October 1982: PSOE, 18; AP-PDP, 11; PCE, 1; CDS, 1; UCD, 1

Burgos. Voters: 273,611. Seats: 11  
Deputies 28 October: PSOE, 2; AP-PDP, 2

Salamanca. Voters: 277,515. Seats: 11  
Deputies 28 October 1982: PSOE, 3; AP-PDP, 1

Zamora. Voters: 180,190. Seats: 8  
Deputies 28 October 1982: PSOE, 2; AP-PDP, 1; UCD, 1

Avila. Voters: 138,655. Seats: 7  
Deputies 28 October 1982: AP-PDP, 1; PSOE, 1; CDS, 1

Palencia. Voters: 140,896. Seats: 7  
Deputies 28 October 1982: PSOE, 2; AP-PDP, 1

Segovia. Voters: 112,316. Seats: 6  
Deputies 28 October 1982: AP-PDP, 2; PSOE, 1

Soria. Voters: 78,871. Seats: 5  
Deputies 28 October 1982: AP-PDP, 1; PSOE, 1; UCD, 1

### Home Rule Sentiments Weak

Castile-Leon has a population of about 2,610,469, almost 7 percent of the national total, and an area of 94,147 square kilometers. Its organs of self-government are the Cortes of Castile and Leon, the president of Castile and Leon and the Board of Castile and Leon. One of the big surprises in the 28 October general elections was the PSOE's clear-cut victory in Castile and Leon, a pro-conservative region that has always been considered a stronghold of the Right. The Socialists elected 18 deputies and 20 senators, whereas their direct rivals, the AP-PDP coalition, elected 13 and 13, respectively, and UCD, which had a strong majority until then, collapsed, winning just 3 deputy seats.

In Avila the CDS elected one of its two members of parliament. The major question mark about the 8 May autonomy elections is whether they will confirm the supremacy of the Left or whether the October returns represented a vote against the UCD rather than support for Felipe Gonzalez's men. If the hypothesis is borne out and if the votes that the UCD won now go to the conservative alliance, the election will be close.

Results aside, the fact is that the home rule elections have aroused very little interest in the Castile-Leon region, where there is hardly any regional awareness, being confined to groups of intellectuals and leftwing party activists. The provisional Cortes that were formed after 28 October were unable to elect a president, recording successive tie votes between the Socialist candidate and the candidate representing the UCD with the backing of AP-PDP (with the CDS abstaining), and this sorry spectacle did not exactly help to bolster home rule sentiments; in fact, it had the opposite effect. The obvious incompetence of the General Council of Castile and Leon, led by Jose Manuel Garcia Verdugo (UCD), the candidate whom AP-PDP backed, has been another hallmark. This pre-autonomy body has been unable to create an organizational structure to take up the responsibilities that have gradually been assigned to it, nor has it managed to gain acceptance among the people of Castile-Leon, nor has it scored successes to bolster its credibility.

Its popularity is minimal, as shown by the fact that AP-PDP has not even included Garcia Verdugo on its lists, realizing, perhaps, that he could lose rather than win votes. The AP, which is well acquainted with the situation and has serious internal problems relating to the home rule question, has not yet nominated a candidate for president of the General Council. If they were to obtain a majority, they would choose Santiago Lopez Valdivieso, a businessman from Valladolid and the son of the Deputy Santiago Lopez, one of the strongmen in the region's main industry, FASA [Automobile Manufacturing Plant, Inc]-Renault.

But AP-PDP will first have to clarify its stand, because it holds a different viewpoint in each province: in Leon it advocates single-province autonomy; in Segovia, where the PDP of Modesto Fraile and Carlos Gila is dominant, the same applies; in Burgos it favors separating Castile from Leon, while Valladolid is one of the few provinces favoring Castile-Leon autonomy. If AP-PDP were to be victorious in the home rule elections, the internal strife and the conflicts with the central administration could be spectacular.

For its part, the PSOE's candidate for president of the General Council is Demetrio Madrid from Zamora, the secretary general of the PSCL-PSOE and a man with experience in regional issues. The initial choice seemed to be Juan Antonio Arevalo, the senator from Valladolid, in whom, according to one of the PSOE's top regional leaders, the party had made a heavy investment, but his resignation from the secretariat general upset plans. The CDS could be the odd man in and hold the balance of power. Castile-Leon is one of the few regions where Suarez's men seem to have a chance.

The government organs and the chamber that emerge from the 8 May elections will be faced with the difficult task of demonstrating to the majority of residents of Castile-Leon that home rule is a good thing and of setting in motion an institution that has so far merely detracted from the credibility of the autonomy process and scored points on the negative side of the balance sheet.

#### Candidates Heading up the Provincial Lists

Leon. PSOE: Celso Lopez Gavela. AP-PDP-UL: Jose Eguiagaray. PCE: Luis Garcia. CDS: Luis Aznar. PDL: Ricardo Gavilanes. BARE-PRPL: David Diez. PDB: Tarsicio Carballo.

Avila. PSOE: Juan Antonio Lorenzo. AP-PDP-UL: Vicente Bosque Hita. PCE: Jose Maria Gonzalez. CDS: Daniel de Fernando.

Burgos. PSOE: Octavio Granado. AP-PDP-UL: Fernando Redondo. CDS: Ricardo Rodriguez. PCE: Jose Moral. PDL: Francisco Montoya. PCOE-PCEU: Salvador Gonzalez.

Palencia. PSOE: Laurentino Fernandez. AP-PDP-UL: Antonio Enrique Martin. PCE: Esteban Riera. CDS: Abilio Pelaz. BARE: Felix Diez. PUCC: Juan Bautista Martin de la Torre.

Salamanca. PSOE: Jesus Malaga. AP-PDP-UL: Fernando Gil. PCE: Maria Soledad Garcia. CDS: Jose Luis Sagredo de Miguel. BARE-PRPL: Ignacio de la Mora. PCOE-PCEU: Santiago Alberto Rodriguez.

Segovia. PSOE: Isaias Herrero. AP-PDP-UL: Pedro Antonio Hernandez. PCE: Diego Penalosa. CDS: Angel Agudo. PDL: Pedro Pozuelo.

Valladolid. PSOE: Jose Constantino Nalda. AP-PDP-UL: Santiago Lopez Valdivieso. CDS: Adolfo Luis Sanchez. PCE: Angel Cristobal Rodriguez. BARE-PRE: Joaquin Sanz.

Soria. PSOE: Lorenzo Lorenzo Lerma. AP-PDP-UL: Jose Angel Villaverde. PCE: Felipe Romero. CDS: Andres Jorge Ruiz. BARE-ACP: Pablo Luis Velilla.

Zamora. PSOE: Demetrio Madrid. AP-PDP-UL: Francisco Javier Carbajo. PCE: Luis Antonio de Nicolas. CDS: Jose Miguel Lopez. PDL: Ricardo Ferrero. BARE-PRPL: Francisco Iglesias.

Acronyms: BARE [Spanish Ruralist Agrarian Bloc], PRPL [Regionalist Party of the Leonese Country], PDL [Liberal Democratic Party], PDB [Bierzo Party], PCEU [Unified Spanish Communist Party], PUCC [Castilian Communities Unity Party], PRE [Spanish Ruralist Party].

#### Castile-La Mancha: 44 Parliamentary Seats

Toledo. Voters: 346,764. Seats: 10  
Deputies 28 October 1982: PSOE: 3; AP-PDP: 2

Ciudad Real. Voters: 342,009. Seats: 10  
Deputies 28 October 1982: PSOE, 3; AP-PDP, 2

Albacete. Voters: 240,155. Seats: 9  
Deputies 28 October 1982: PSOE: 3; AP-PDP, 1

Cuenca. Voters: 162,631. Seats: 8  
Deputies 28 October 1982: PSOE, 2; AP-PDP: 2

Guadalajara. Voters: 108,116. Seats: 7  
Deputies 28 October 1982: PSOE, 2; AP-PDP: 1

#### A Community In Search of a Capital

The candidates who are elected in the autonomous community of Castile-La Mancha, whose autonomy statute was approved on 10 August 1982, will have two major issues to deal with: the choice of a capital city and the Castile-La Mancha University. With regard to the former, several cities are vying for the designation, Toledo, Cuenca and Alzacar de San Juan (Ciudad Real), among them.

As far as the University of Castile-La Mancha is concerned, the royal decree apportioning learning centers among the five provinces has not yet been acted on. The acting rector, Professor Javier de Cardenas, is impatiently waiting for 8 May to begin a definitive dialogue with all political, social, economic and cultural forces regarding whether the existing centers are to be apportioned, or whether a single or double campus should be set up. The PCE and some provincial groups of the AP and PSOE seem to be leaning towards the latter approach.

One noteworthy development in the nomination process was the fact that the PSOE's federal commission of lists and then its Federal Committee chose Jose Bono Martinez, from Albacete, as the party's candidate for president of the Board of Communities, thus rejecting the majority choice of the regional committee, Jesus Fuentes Lazaro, the current president. The controversy divided and set at odds for a time the Socialists in the various provinces of the region. Things seem to have calmed down now that the 8 May elections are imminent. The AP-PDP-UL coalition's candidate for president of the community is Javier Ruperez.

The first president of the Board of Communities during the pre-autonomy period was Antonio Fernandez Galiano, a former member of the UCD and currently a member of the PDP; he installed the headquarters of the presidency in the city of Guadalajara. Once into the autonomy stage, the first president was Gonzalo Payo, from the UCD, who moved the capital site to Toledo (Fuensalida Palace).

The Board of Communities has so far received enough funding and manpower to take over some 30 percent of the areas of responsibility assigned to it under the autonomy statute, according to sources in the secretariat

of the presidency and territorial administration. These areas of responsibility were negotiated through several ad hoc joint commissions and were transferred in four packages, three during the pre-autonomy period.

The regional secretariats with the most areas of responsibility are Health Care and Social Services, and Agriculture, which are performing between 40 and 45 percent of their functions. The new regional cabinet, which is controlled by the Socialists, is not too happy with this level of responsibilities and is trying to boost it. It has also proposed renegotiating the autonomous community's share in the Inter-Territorial Compensation Fund, from which it currently gets close to 13 billion pesetas, which the current national administration has increased by 1.9 billion, in contrast to the previous UCD administrations.

The central government has set late 1984 as a deadline for this region to assume all of its areas of responsibility. To this end, the new joint commission has already begun its work. It was established in Madrid last 25 February and includes all of the members of the Government Council. According to PSOE estimates, Castile-La Mancha will have taken over about 70 percent of its areas of responsibility by early January 1984.

#### Candidates Heading up the Provincial Lists

Albacete. PSOE: Jose Bono. AP-PDP-UL: Gumersindo Navarro. CDS: Emilio Garrido. PCE: Enrique Lopez. PCOE-PCEU: Marcelino Martinez.

Ciudad Real. PSOE: Javier Paulino Perez. AP-PDP-UL: Francisco Canizares de Lera. PCE: Reyes Hidalgo. CDS: Cecilia Raposo.

Cuenca. PSOE: Vicente Acebedo. AP-PDP-UL: Francisco Javier Ruperez. PCE: Joaquin Gutierrez. PDL: Jose Maria Palacios. CDS: Jose Tovar.

Guadalajara. PSOE: Rafael de Mora-Granados. AP-PDP-UL: Felipe Solano. PCE: Fernando Revuelta. CDS: Emilio Clemente Munoz. PDL: Gabriel Leblic.

Toledo. PSOE: Florencio Alonso. AP-PDP-UL: Jose Lara. PCE: Antonio Urban. CDS: Fernando Suarez; PDL: Juan Gonzalez.

#### Extremadura: 65 Parliamentary Seats

Badajoz. Voters: 460,056. Seats: 35  
Deputies 28 October 1982: PSOE, 5; AP-PDP, 2

Caceres. Voters: 312,037. Seats: 30  
Deputies 28 October 1982: PSOE, 4; AP-PDP, 1

## Expectations of Continuity

Many of the members of Extremadura's current provisional autonomous government, including its president, Socialist Juan Carlos Rodriguez Ibarra, are running in the regional elections in the province of Badajoz. Because of party reasons, the Socialists from Caceres have decided not to include two of their best-known men on their lists of candidates: Pablo Castellano, the current president of the regional assembly, and Eusebio Cano Pinto. They are not running in the election and thus do not risk losing their credentials as deputies in the Spanish parliament, which they would if they ran in the regional race and won.

Juan Carlos Rodriguez and the fragment of his team running with him in the elections have a chance to continue the regional policy outlined a few months ago, if the voting pattern of last 28 October repeats itself. The Socialists have not been able to achieve brilliant results in the short time they have been in office.

The AP-PDP-UL list for Badajoz does not include the current spokesman of the Popular group in the regional assembly, Luis Ramallo. Very much in line with his party, he has taken a hard-line approach of all-out opposition to the Socialist government. Perhaps out of prudence, Ramallo, who used to be a UCD senator and president of the Pre-Autonomy Board, has declined to become involved in this battle, so as not to be attacked from this flank. This has provided an opportunity to Adolfo Diaz Ambrona-Bardaji (the son of Adolfo Diaz Ambrona, an agriculture minister in one of Franco's cabinets), who was stripped of his powers in AP, a party that he promoted in Badajoz.

The unified rightwing candidates list has reserved places of honor for former UCD members, who could return to the public limelight if the voting pattern of 28 October is repeated. Luciano Perez de Acevedo, the president of the Badajoz Delegation, holds second spot on the Badajoz candidates list. Very close to him are Isidoro Hernandez Sito and Vicente Sanchez Cuadrado. Well-known UCD members have been rejected in Caceres.

The vote is going to see-saw between the two major parties (PSOE and AP-PDP-UL), though this time the regionalist party United Extremadura could garner more votes than it did in October, when it came in fifth. The list of candidates of United Extremadura, which advocates equal representation for the two Extremadura provinces in the autonomous parliament, includes men who have split from the UCD, which could detract from their backing at the polls.

The new autonomous government that emerges from these elections is going to be faced with the arduous task of rounding out the transfers of areas of responsibilities that pertain to the region under Article 143 of the constitution. The Regional Board of Extremadura has been

receiving transfers from the various ministries since 1979, but what is has so far actually taken over is of little consequence and impact in the region. The transfers to come will affect practically all departments, but especially agriculture and foodstuffs, industry and energy, and public works and urban development.

The economy and finance department has not yet received any of the few responsibilities that the statute confers on the region. The job of collecting and distributing the taxes that have been ceded to the region is fundamental, because the funding of the autonomous government depends on it.

#### Candidates Heading up the Provincial Lists

Caceres. PSOE: Antonio Vazquez Lopez. AP-PDP-UL: Jose Manuel Marino Gallego. PCE: Jose Javier Agorreta Vazquez. CDS: Jesus Sanchez Baviano. Popular Bloc of Extremadura: Jose Luis Martin Galindo. United Extremadura: Pedro Canada Castillo.

Badajoz. PSOE: Juan Carlos Rodriguez Ibarra. AP-PDP-UL: Adolfo Diaz-Ambrona Bardaji. PCE: Manuel Parejo Gonzalez. Unified Spanish Communist Party-Spanish Communist Workers Party: Maximo Roman Maganez. United Extremadura: Fernando Baselga Neira.

#### La Rioja: 35 Parliamentary Seats

La Rioja. Voters: 190,204. Seats: 35  
Deputies 28 October 1982: PSOE: 2; AP-PDP: 2

#### The President and His Advisers on the Sidelines

Two economists, two attorneys and a commercial agent are running for president of this autonomous community. Of the five, two are new to active politics, which is not the case with Jose Maria de Miguel, a Socialist senator and the current president of the regional assembly; Rafael Gomez Soria, secretary general of the Communist Party in La Rioja, and Luis Javier Rodriguez Moroy, the first home rule president, who formed the La Rioja Progressive Party after leaving the UCD.

It is highly noteworthy that neither the current regional president nor his advisers are on the candidates lists, and this has prompted harsh controversy within the La Rioja Socialist Party. The president, Rodriguez Basulto, argued for his candidacy by citing the unquestionable influence of his post on the voters. He initially held the third spot on the list, but the PSOE Federal Committee ultimately decided to exclude him and his cabinet advisers after the confrontation that arose over the issue of the government board members' salaries. Rodriguez Basulto now holds the number three spot on the list in Alfaro, the city of which he was mayor until elected regional president.

The list of candidates representing the AP-PDP-UL coalition is headed by Joaquin Espert, a labor lawyer and adviser to the Federation of Businessmen. He represented the local section of AP in the race for mayor of Logrono, a post that he himself preferred to the presidency of the autonomous community. His main opponent will be Socialist candidate Jose Maria de Miguel, an economist, who entered politics for the first time in the recent legislative elections, winning a senate seat.

The first home rule election list submitted by the La Rioja Progressive Party was noteworthy; it was headed by Rafael Briz Castilla, the assistant director of the Provincial Savings Bank. Health problems forced him out of the race, paving the way for Luis Javier Rodriguez Moroy, a real PRP strongman (this party will hold its constitutional congress after the election).

The AP-PDP-UL coalition, which is running for 98 percent of the seats, and the PSOE, which is going after 93 percent, are going to be the main contenders. The fact that there is a single election district is going to help the Socialists, who would have been penalized in the less populated towns under the previous apportionment by regions. The Right, which has the biggest campaign budget, is confident of attracting UCD voters.

The fifth temporary provision of the La Rioja Autonomy Statute, which governs the first autonomy elections, states that a party must obtain at least five percent of the votes cast to enter the regional parliament. Based on the 28 October returns, the PCE and CDS candidates would thus not make it into the regional assembly. The chances of the La Rioja Progressive Party (PRP) are still a mystery, though the leaders of the new party are confident of electing several regional deputies, who could hold the balance of power in the assembly if the gap between the two major parties is slight.

#### Candidates Heading up the Provincial Lists

PSOE: Jose Maria de Miguel. AP-PDP-UL: Joaquin Espert. PRP: Luis Javier Rodriguez. CDS: Jose Felix revuelta. PCE: Rafael Gomez Soria.

#### Murcia: 43 Parliamentary Seats

Murcia. Voters: 675,082. Seats: 43 (districts: Murcia, 19; Cartagena, 10; Lorca, 7; Caravaca, 4; Jumilla and Yecla, 3)  
Deputies 28 October 1982: PSOE, 5; AP-PDP, 3

#### The Supporters of Cantonalism Seek to Broaden Their Influence

The Murcia region has been divided into five districts for these elections. Garrigues's Liberals are running in only 3 of these 5 districts, where 43 deputies to the legislature of the autonomous community will be chosen. The capitals of these three districts are Lorca, Cartagena



and Murcia. The CDS will be running in Cartagena and Murcia. The PSOE, the AP-PDP-UL coalition and the PCE are running in all five, as is the Cantonal Party, which has thus emerged from what was until now its exclusive sphere of influence: Cartagena.

The lists of independent candidates are strikingly absent, in contrast to the municipal elections, in which some 10 have been filed. Environmentalists are not running in either election.

The Murcia community comprises almost a million inhabitants, about 2.45 percent of the national total, over an area of 11,317 square kilometers. Its organs of self-government are the Regional Assembly, the president and the Council of Government. Under the provisions of the autonomy statute, the Regional Assembly is made up provisionally of the members on the former general council of Murcia. Of its 39 current members, 21 belong to the PSOE, 17 to UCD and 1 to the independent ranks. Its president is Socialist Senator Carlos Collado Mena, who was the president of the now defunct Provincial Delegation, which was dissolved after the provisional Regional Assembly was established and the Council of Government formed.

The Council of Government, one of whose most recent actions was to debate and approve the general budgets of the autonomous community, has been operating out of Cartagena, pursuant to the decision made in response to the petitions from that city. The rest of the community's government bodies are in the capital of Murcia.

The autonomy statute was approved in an organic law last year. During the initial stage the Regional Council, the forerunner of the current autonomous community, was able to do little because of the shortage of money and manpower. During the ensuing stage, however, areas of responsibility are gradually being taken on, lending substance to the various executive and legislative bodies.

Under the statute, the regional deputies are not subject to subpoena and even after their terms of office have expired they are immune from prosecution for the opinions that they voiced in the exercise of their functions, which are understood to begin when they are sworn in. The statute also stipulates that the Regional Assembly will meet for 8 months in 2 regular sessions of 4 months each. It can meet in special session when so requested by the Council of Government, the standing delegation of the Regional Assembly or one-fourth of the regional deputies.

#### Candidates Heading up the Lists by Districts

Murcia. PSOE: Andres Hernandez Ros. AP-PDP-UL: Jose Lucas Fernandez. PCE: Pedro Antonio Rios. Cantonal Party: Manuel Gonzalez Martinez. CDS: Bartolome Montoro. PDL: Jose Ruiz Ayuso.

Cartagena. PSOE: Manuel Tera. AP-PDP-UL: Fulgencio Rosique. PCE: Pedro Gadea. CDS: Diego Marin. Cantonal Party: Jose Bonet.

Lorca. PSOE: Carlos Collado. AP-PDP-UL: Doroteo Jimenez. PCE: Miguel Quinonero. Cantonal Party: Antonio Vallejo. PDL: Miguel Angel Minaro.

Caravaca. PSOE: Juan Montiel. AP-PDP-UL: Julio Jose Lorenzo. PCE: Salvador Gil Baeza. PDL: Eliseo Valcarcel. Cantonal Party: Jesus Medina.

Jumilla and Yecla. PSOE: Juan Romero. AP-PDP-UL: Vicente Jose Maseo. PCE: Francisco Montes. Cantonal Party: Maria Dolores Jimenez.

Valencian Community: 89 Parliamentary Seats

Valencia. Voters: 1,462,208. Seats: 35  
Deputies 28 October 1982: PSOE, 10; AP-PDP-UV [Valencian Union]: 5

Alicante. Voters: 787,709. Seats: 29  
Deputies 28 October 1982: PSOE, 6; AP-PDP, 3

Castellon. Voters: 314,300. Seats: 25  
Deputies 28 October 1982: PSOE: 3; AP-PDP-UV: 2

Voting Under the Shadow of Sagunto

The current president of the Generalitat [regional assembly], Joan Lerma, is running for reelection, confident that he will be chosen to head the future Valencian Cortes if his party, the PSOE, secures a majority, which he regards as probable. During the few months that he has headed up the executive branch of the Valencian autonomous community, there have, however, been several conflicts, such as over the possible dismantling of the headquarters of Altos Hornos del Mediterraneo in Sagunto, which could have tarnished his image.

Lerma has proceeded quite in line with the central government on this issue, whereas the residents of Sagunto asked the regional assembly to take a strong stand against the administration. The Socialist Party feels, however, that the impact of this incident at the polls will not be felt beyond the district of Camp de Morvedre, whose capital is Sagunto.

The second and third spots on the PSOE's lists in the province of Valencia are being filled by the secretary of culture and education, Cipriano Ciscar, who can boast of having succeeded in initiating the mandatory study of Valencian in secondary schools, and the secretary of industry, Segundo Bru. The eighth spot on the Socialist list for Valencia is held by the president of the Territorial Union of Cooperatives, Luis Font de Mora, who used to be within the orbit of the PCE.

The AP-PDP-UL-UV coalition's list for Valencia is headed by the regional president of AP, Manuel Giner Miralles, and the third spot has gone to writer Xavier Casp, from the anti-Catalan Valencian Union, which did not win a Senate seat at the recent legislative elections. The former secretary of education, Amparo Cabanes, is running purely for show on the list as an independent in the UCD group, occupying the 35th and last spot.

The current president of the Valencian Cortes, Antonio Garcia Miralles, heads up the PSOE list in this election district, and Felipe Guardiola, the current vice president of the autonomous government, is in the number one spot in Castellon. The UCD president of the Provincial Delegation of Castellon, Joaquin Farnos, is running as an independent on the coalition's candidates list for that district. His belated resignation from the provincial body led to his being challenged by other parties, but the Electoral Board decided to validate him as a candidate.

Emerit Bono, a former Communist deputy who held second place on the list in the last general election, declined the fourth spot that his party's leadership offered him, behind its secretary general, Jose Galan; the secretary of transportation and tourism, Vicente Gomez Chirivella, and former deputy Antonio Palomares. In Bono's judgment, the men in the first three spots are not strong advocates of home rule and do not represent the winds of change that, in his view, are beginning to blow through the PCE.

As far as the Liberal Democratic Party (PDL) is concerned, the former president of the Council of the Valencian Country, Enrique Monsonis, a former member of UCD, heads up the list for Castellon. He held second spot in this district in the general election, behind Jaime Lamo de Espinosa, but neither won a seat.

The Unity of the Valencian People (UPV) coalition has joined the United Left group on this occasion, thus making it representative of practically the entire nationalist spectrum. Former PCE member Doro Balaguer heads the list for Valencia, and fourth spot is held by writer Vicent Ventura. Philosopher Vicent Pitarch heads the UPV list in Castellon.

The Valencian Generalitat, whose parliament is going to be elected for the first time, is quite far along in the process of assuming areas of responsibility from the central government. Lerma has told this paper that an almost definitive package of transfers is expected by early July and that the process could be over by early 1984.

In early January the Valencian Generalitat received a series of responsibilities in the labor sphere, including the Institute of Mediation, Arbitration and Conciliation (IMAC), which are characteristic of the autonomies that have made use of Article 151 of the constitution. These areas of responsibility had been questioned by the previous central government, even though they appear in the statute. Valencia's

autonomy has proceeded under Article 143, but with a complementary organic law (popularly known as LOTRAVA) that provides for a level of jurisdictions similar to Catalonia's.

#### Candidates Heading up the Provincial Lists

Valencia. PCOE: Fernando Ferraz. CDS: Jose Chornet. PSOE: Juan Francisco Lerma. PCE-PCPV [Communist Party of the Valencian Country]: Jose Galan. PDL: Federico Moreno Lorca. CLP: Juan Gomez Penalva. AP-UV-PDP-UL: Manuel Giner. PST: Alvaro Maria Martinez. URV [Valencian Nationalist Left]: Ximo Diez. OIV (Independent Valencian Organization): Xavier Mateu. UPV: Isidoro Balaguer.

Alicante. PSOE: Antonio Garcia Miralles. AP-PDP-UV: Jose Cholbi. PCE-PCPV: Alfredo Botella. PST: Maria Carmen Perez Micho. UPV: Carles Mulet. CDS: Fernando Fajardo. PDL: Luis Carlos Amerigo. CLP: Ricardo Pinol.

Castellon. PCE-PCPV: Vicente Zaragoza. AP-PDP-UV: Jose Tovar. PDL: Enrique Monsonis. PSOE: Felipe Guardiola. UPV: Vicente Pitarch. CDS: Luis Adolfo Balada.

#### Navarre: 50 Parliamentary Seats

Navarre. Voters: 375,846. Seats: 50

Deputies 28 October 1982: PSOE, 3; AP-PDP-UPN [Union of the Navarrese People]: 2

#### Surprise Split on the Right

As the day of the regional elections approaches, the political panorama in Navarre is marked by the division of the Right and the announcement that Herri Batasuna (HB) [Popular Unity] will not participate in government institutions. A total of 500 people are running for the 50 seats in the future Parliament of Navarre. Due to a lack of funds, the CDS is not running.

The Right is deeply split as it approaches these regional elections; the division is between UPN, whose principles are close to those of AP, and the AP-PDP-UL coalition. The decision to run separately has surprised both the political class and the electorate in general, which were expecting a comprehensive pact, especially because these two groups ran as a coalition last 28 October and won two deputy seats. On this occasion, however, the conditions set by UPN (some of whose leaders feel that the coalition with AP-PDP cost it some 35,000 votes) were regarded as excessive by Manuel Fraga's and Oscar Alzaga's men in Navarre.

According to authorized AP-PDP sources, UPN asked for total independence in drawing up the lists at the four meetings held to formalize a coalition, something that the AP and PDP representatives considered unacceptable.

Compounding this was HB's announced decision not to take part in the Navarre Parliament, a decision that the coalition's rank-and-file had recently made after heated debate. As the HB representatives stated, "the Navarre legislature, like the Basque parliament, is not the ideal framework for pursuing our policies."

Among the 500 individuals running for the 50 parliamentary seats or merely filling spots on the lists are 121 who were also candidates for the previous parliament. Some of the better-known of them are Gabriel Urralburu and Victor Manuel Arbeloa (PSOE), Albito Viguria and Rafael Gurrea (UPN), Jaime Ignacio del Burgo (AP-PDP), Inaki Aldecoa (HB), Mariano Zufia, Iosu Osteriz and Inaki Cabases, from the Carlist Party, EE [Basque Left] and the PNV [Basque Nationalist Party], respectively.

Gabriel Urralburu (PSOE) and Albito Viguria (UPN) are, in that order, the leading candidates for president of the Navarre Government, while Victor Manuel Arbeloa is the frontrunner for reelection as president of the parliament. The PSOE was not too sure about nominating Arbeloa for reelection, but the 28 October returns made the Socialists change their mind and again put forth Victor Manuel Arbeloa, the senator who received the most votes in Navarre at the most recent elections.

The Navarre Government that emerges from the election will have to undertake a series of tough negotiations with the representatives of the central government with regard to the transfer of areas of responsibilities and the economic pact governing this community's contributions to the national treasury. The new agreement will replace the one currently in force, which was signed in 1969 and under which Navarre sends the central government more than 4 billion pesetas a year.

#### Candidates Heading up the Provincial List

PSOE: Gabriel Urralburu Tainta. AP-PDP-UL: Jose Luis Monge Recalde. UPN: Balbino Bados Artiz. HB: Jose Ignacio Aldecoa Azarloza. EE: Jose Javier Baztan Gorria. PC: Mariano Zufia Urrizalqui. AEA [Auzolan Voters Group]: Rufino Vicente Serrano Izco. PCE-EPK [Basque Communist Party]: Higinio Rodriguez Ormaechea. PNV: Ignacio Cabases Hita. LC [Communist League]: Miguel Ederria Irurzun.

8743

CSO: 3548/356

## BASQUE LEADER ON ELECTIONS, ANTI-TERROR, HOME RULE

Madrid EGIN in Spanish 8 Apr 83 p 5

[Text] Gasteiz (EGIN)--"It was a risk having to choose the path of democratic institutions, as we did, with the possibility that they would turn out to be false," Carlos Garaikoetxea stated yesterday during a news conference at Ajuria Enea to counter to the criticism recently leveled at the executive office he heads.

"Six years ago, when the nationalist movement was faced with the choice between the two paths (the institutions of the reform or the break), opting for either entailed a major risk." He later pointed out that "if the Autonomy Statute had turned out to be a major disappointment, we would have made an obvious political blunder." He went on to say that "on many occasions this unfortunately looks like a grave threat to us when we get the impression that sensitivity to the home rule problem has waned or when someone succumbs to the temptation of thinking that since we are already pursuing the strategy of the statute, our only alternative is to put up with what comes out of that strategy."

In outlining the two aforementioned options of the nationalist movement, Garaikoetxea explained a number of other issues that newsmen had raised. "The pro-break groups," he said, "the advocates of violence, base their strategy on the belief that democratic channels are of no use, that they are a farce and that they do not lead to the undeniable ambitions of self-government of this people."

"We are saying," he continued, "that the best way to defeat that strategy and to win over those who might be lending ETA [Basque Fatherland and Liberty] material or moral support is to show them that democratic channels bring progress and are responsive to this country's legitimate aspirations for self-government. I am sure, of course," he said at another point, "that there are many different types of people in those segments of society that directly or indirectly might embrace ETA and that there are those who are convinced that self-government and progress under democracy are not real or remain to be proved."

In Garaikoetxea's opinion, "to the extent that one alternative demonstrates its validity, it invalidates the other."

## Yes to Police Solutions

The president of the Gasteiz executive did not, however, rule out police methods to combat ETA and its supporters. "We are not saying that we do not have to stress police solutions," he said, adding that "and we are quite willing to apply them gradually. What I am saying," he added, "is that the fundamental ingredient in the struggle against violence, the political ingredient, is not being applied and that this administration (referring to the PSOE [Spanish Socialist Workers Party]) is taking regressive stands in comparison to its predecessors."

Garaikoetxea also stressed that his party and the PSOE are in agreement on combating ETA's armed struggle. "Two physicians might be striving to battle a single disease," he explained, "and one of them could advocate one procedure and the other might favor another, and neither party can reproach the other for not being as interested in or dedicated to the struggle against violence and terrorism." He also explained that "being unequivocally opposed to violence and to the groups that practice it" does not imply "docile and unconditional agreement with the methods and assessments of that struggle." The president made reference to the kidnapping of Guibert in his remarks on a police solution to violence. To Garaikoetxea, the Guibert affair has clearly evidenced the PNV's relative might in the battle against the armed struggle, in contrast to the assertions that this party holds the key to resolving the issue. Garaikoetxea stated that in spite of his party's attempts, it has not been able to alter the customary channels for Guibert's release.

## There was More Sensitivity to Home Rule 6 Years Ago

On the many occasions that the newsmen referred to the issue of violence in their questions, Garaikoetxea pointed in response to the absence of "political" solutions in this regard. "It worries me that the people in charge in Madrid have lost their sensitivity to autonomy," he said. "In my judgment," he went on to say, "6 years ago there was greater sensitivity towards the grievances put forth by the nationalities. Referring to the policy that the PSOE is currently pursuing, he asserted that "it aims at making autonomy mere administrative decentralization."

## Harsh Words

Throughout the press conference Garaikoetxea had harsh words for the sectors that predicted a serious crisis within his government. The newsmen also asked about possible disagreements between Garaikoetxea and the chairman of his party's EBB [Basque Executive Committee], Xabier Arzallus. Garaikoetxea replied to these rumors with the same harsh words, asserting that the groups making such statements are the ones suffering from internal discord and factionalism and that in the case of the PNV "the people you are counting as dead are in good health."

Even though the greater part of the press conference was taken up with the questions that the reporters posed to Garaikoetxea, the president of the autonomous community took time beforehand to counter the criticism that had been leveled at his government in recent days, mainly by the PSOE. As is his custom, he read a document to the media after the Gasteiz cabinet meeting this past Wednesday.

According to the document, the attacks against the government in Gasteiz are "clearly for election purposes. The criticism of statements made on Aberri Eguna day are just the culmination of an ongoing campaign in which repeated attacks by the PSOE leadership in various media have been combined with scandalous manipulation of the news in the most reactionary press." It points in this regard to "the persistent false reports of the alleged departure of certain members of the government." The first point that the document makes is that the Garaikoetxea cabinet reaffirms "its party's full identification with the government's efforts."

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## BASQUE PARLIAMENT SUSPENDED BY OPPOSITION BOYCOTT

Madrid EL PAIS in Spanish 5 Mar 83 p 16

[Article by Tonia Etxarri]

[Text] The full house of the Basque parliament was unable to meet yesterday due to a lack of quorum provoked by the deliberate absence of virtually every opposition group. The Basque Socialist Party [PSE], the Euskadiko Eskerra [Basque Left], and the Mixed Group [GM] did not enter the hall yesterday as a protest against actions by the PNV [Basque Nationalist Party], which in their judgment is not contributing to a climate of dialogue, based on the proposals for electoral reform by the General Assemblies of the Basque Country [JGPV]. Given the situation, the Basque government's minister of the interior, Luis Retolaza, was unable to report to the parliament, as had been foreseen, on his department's investigations into the ETA [Basque Fatherland and Liberty Group] attack on offices of the autonomous police in San Sebastian.

The PNV criticized the opposition's act, although it proposed a new call to order of the full parliament next Monday through its representatives on the executive committee and the committee of spokesmen. Members of the PNV characterized as "antidemocratic" and "similar to the attitude of Herri Batasuna" the absence of almost all the parliamentary opposition, except for three representatives of CDS [Democratic and Social Center], in protest against the inflexibility which, in their judgment, the majority party has shown toward electoral reform in the General Assemblies of the autonomous Basque community.

The predominance of the rural vote over the urban vote in the three proposals for electoral reform of the General Assemblies of Alava, Vizcaya, and Guipuzcoa, together with the PNV's refusal to discuss the aforementioned project on the floor, have been the main points of discrepancy between the PNV and the opposition. While the majority party wanted Parliament to ratify the accords of the General Assemblies, who approved the electoral project last January, without allowing further debate, the opposition was asking for "time and reflection" in order to arrive at the greatest possible consensus.

When the representative of Parliament's executive committee [Mesa] proceeded to call the roll for members to officially take possession of their posts, in accordance with the regulations published in the OFFICIAL BULLETIN OF THE BASQUE COUNTRY last week, the nationalists realized that the absence of the 21 representatives of the Socialist Party, Euskadiko Eskerra, and the GM was added to the usual absence of the 11 Herri Batasuna members.

Following a hold-up of one-and-a-half hours, spokesmen for the three opposition groups explained, at an improvised news conference, that their position in failing to attend the session was an attempt to "dignify the Basque legislature." The socialist representative acknowledged that this gesture of opposition was "exceptional," but said that it arose from a truly "exceptional" situation brought about, in his judgment, by the PNV's attitude of carrying out a policy of faits accomplis in trying to approve the electoral reform project of the General Assemblies without even debating them in the halls of parliament. The Euskadiko Eskerra representative, speaking for his group, indicated that the PNV's intent to submit the project to Parliament solely for ratification of the accords of the General Assemblies gave him the impression that "the PNV has abandoned the Statute; they have broken the climate of dialogue, since we all agreed at the beginning that the basic laws that developed out of the Statute should rest on a solid foundation of broad agreement."

On the other hand, the PNV severely criticized the opposition's attitude because, in the party's opinion, it presupposes "a change in the most fundamental rules of parliamentary democracy." The party pointed out that the failure to appear at the meeting hall presupposes an "inadmissible attitude," since it "prevents the Parliament, as the representative of the Basque citizenry's will, from issuing an opinion." In this sense, nationalist Emilio Guevara emphasized at a later press conference that "they are boycotting a fundamental rule of democracy, which is the constitution of the parliament." He discounted any comparison along these lines with similar attitudes promoted by the PNV in the House of Representatives because the party, being only a very small minority voice in the latter chamber, could not produce "any change in the quorum."

Given this state of affairs, the blockage may reoccur next Monday if the PNV and the opposition fail to reach agreement prior to the full house debate. While the socialist party, Euskadiko Eskerra, and the GM spoke of the need for reflection and give and take by both sides, the nationalist representatives were declaring that it was up to the opposition to "reconsider its position."

9839

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## GONZALEZ ATTACKS, PARTIES RESPOND IN PRECAMPAIGN

## Right and Left Attacked

Madrid EL PAIS in Spanish 10 Apr 83 p 1

[Article by Fernando Jauregui]

[Text] Felipe Gonzalez, president of the government, in one of his first official acts as secretary general of the PSOE [Spanish Socialist Workers Party] since he moved into the Moncloa, yesterday directed a hard-hitting attack against the Right, predicting that they will be unable to reorganize themselves as a homogeneous political force until after the 1986 elections. Gonzalez delivered a significant address to 1,200 socialist public officials at a ceremony held in Zaragoza to commemorate the fourth anniversary of the constitution of the democratic municipal governments, a speech that could be regarded as the "opening gun" of an election campaign, which will not begin officially until the 16th of the month.

Felipe Gonzalez insisted repeatedly that "Spain cannot again miss the train of change; we have to put our country among those in the front rank." To do this, he said, we must regard the atmosphere of social peace as the supreme element of value in Spanish society. We must also "sacrifice part of what we now have to make way for new technologies," a statement that was interpreted as an unmistakable reference to an imminent industrial reconversion.

In an atmosphere of euphoria produced by the anticipated election results in favor of the PSOE, Gonzalez stated: "We are always going to be in municipal office for a much longer time than in the central government. In these decisive moments of Spanish history, the responsibility of the socialists, who have a majority representation in social institutions, is very great. The definitive structure of Spanish unit, among other things, is being decided upon in this decade.

"Let's Leave Neo-liberalism for the Right"

"Our responsibility is especially great because the Right is still unable to define itself: the UCD [Democratic Center Union] has disappeared, only to come back again at this time, whatever name they want to give to it. Spain still has no articulate, solid and serious Right that can offer an

alternative. Those who say that we have 3 million borrowed votes that do not belong to socialism are correct: they are on deposit, with confidence, with the PSOE, because there is no other alternative."

Attacks of this sort against the "catastrophic right" kept coming: "To attempt to bring about a crash in the Spanish economy in the next 4 years is a crime of high treason, because we cannot endure another four years of attrition." The president of the government expressed to the enthusiastic audience his opinion that "they are nervous because they know they are not in agreement even among themselves."

He also attacked the "neo-liberalism recently discovered by the Right," which takes us back to the 19th century and means savage rivalry in which the winner is always the one who is strongest. "Let's leave that for the Right. We say that only with sacrifice, dialogue and peace shall we be able to come out of the crisis. We stand for neither nationalization nor for neo-liberalism."

The president, who arrived yesterday morning in Zaragoza where he participated in the socialist ceremony, made no reference to public order as one of the priority problems which his government must face. On the other hand, he did insist repeatedly that Spaniards must make sacrifices: "Our society must change culturally. We must get rid of the habit of looking to the state as the big daddy who will give us everything; we must cease to rely forever on a public budget that is already badly shrunken. Each individual must shorten his own sail and not expect the budget to solve all our problems. He did not fail to criticize those who group together in corporate fashion for the purpose of pressuring the government, as they look for solutions to their own problem; they are inflicting injury on those who are incapable of corporate action."

After making short work of the right, Gonzalez, somewhat more hastily, criticized the Left, who "are giving us lessons; let them get to work and put their own house in order before they give advice to the PSOE." He also made some reference, without citing him expressly, to the manager of Catalan Convergence, Miguel Roca, who recently called him a "Francoist."

Before participating in the ceremony commemorating the constitution of the socialist municipal governments held in a moving picture theater in Zaragoza, the president officially opened the International Farm Machinery Fair (FIMA), the second in importance in Europe, where he said a few words encouraging people to look to the future with confidence: "only in this way shall we be able to rise above the clouds of the crisis." The president, who arrived in Zaragoza by helicopter, was received by Lieutenant General Caruana, Field Marshal of the Fifth Military Region, with whom he held a brief conversation at the airport. The president spent barely 3 hours in Zaragoza before leaving on a plane rented by the PSOE for Faro (Algarve, Portugal) to attend the closing session of the Socialist International "summit."

The attacks on the opposition did not come from Gonzalez alone. Luis Fajardo, the official in charge of municipal policy, in a long speech delivered earlier, emphasized forcefully that "the Right with its proposals is trying to disguise its predatory town-planning, while it projects a real policy of insolidarity:" "they are nervous and are going to respond with localist demagoguery, soliciting and promising impossibilities in the municipal governments," to give some samples of what Fajardo had to say.

#### Reciprocal Attacks Launch Campaign

Madrid EL PAIS in Spanish 10 Apr 83 p 14

[Text] Felipe Gonzalez, president of the government, yesterday fired the opening gun of the electoral battle for the municipal offices in an address delivered to 1,200 public officials of the PSOE, in which he directed hard-hitting attacks against his political adversaries. He predicted that the Right will be unable to reorganize itself as a homogeneous force until after the 1986 legislative elections and he accused them indirectly of being behind the economic troubles of this country: "to attempt to bring about a crash in the Spanish economy in the next 4 years is a crime of high treason," he said.

Felipe Gonzalez regarded social peace as the supreme element of value in Spanish society and he forcefully opposed both the "neo-liberalism recently discovered by the Right, which means savage rivalry" and the intent on the part of the Left to give lessons to his party and he advised them to get to work and "put their own house in order before they give advice to the PSOE."

The ceremony commemorating the constitution of the democratic municipal governments, which the socialists observed this year for the fourth consecutive time, had a special significance on this occasion, in view of the proximity of election day on the 8th of May.

The attacks on the opposition did not come from Felipe Gonzalez alone. Luis Fajardo, the official in charge of municipal policy of the PSOE, forcefully emphasized that "the Right, with its proposals, is trying to disguise its predatory town-planning," and at the same time he accused them of "localist demagoguery, soliciting and promising impossibilities in the municipal governments."

The first reply to these statements came last night at the Fifth Congress of New Generations in Popular Alliance, which approved an extraordinary motion in which it describes Felipe Gonzalez' speech in Zaragoza as a "False and demagogic act of bravado." The same motion denounced the abusive use of TVE [Spanish Television] yesterday to "transmit, almost in their entirety, the aforementioned serious accusations, which shows once again the ever-lasting inconsistency between what the PSOE says and what it does."

The Basque Nationalist Party and the Spanish Communist Party also took advantage of the occasion yesterday to launch their respective campaigns. The nationalist party manager, Xabier Arzallus, presented an image of flexibility with respect to the different opinions within his party, describing the existing tensions as "healthy," while the secretary general of the PCE [Spanish Communist Party], Gerardo Iglesias, expressed to the communist candidates his confidence in an increase in the number of votes in their favor."

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## CONSTITUTIONAL COURT REJECTS LOCAL ELECTION LAW APPEAL

Madrid EL PAIS in Spanish 5 Mar 83 p 15

[Article by Javier Angulo]

[Text] The Popular Group [GP] and the Catalan Minority [MC] will submit an appeal today to reverse the decision issued yesterday by the Constitutional Court, by which it refused the right to a prior appeal by these two groups to have the definitive text of the organic law which amends certain articles of the 1978 local election law declared unconstitutional. The high tribunal believes such an appeal is out of order, given the fact that the law in question was published in Thursday's OFFICIAL STATE BULLETIN. An appeal to reverse a higher court decision does not have the effect of suspending a law subject to prior appeal.

The decision by Section 4 of the Constitutional Court reads as follows: "At today's session, this court having examined the brief submitted by Jose Maria Ruiz Gallardon representing the congressional representatives therein named in filing a prior appeal on the grounds of unconstitutionality against the definitive text of the organic law which amends certain articles of Law 39/1978 of 17 July last (on local elections; and given the fact that Law 6/1983 of 2 March last was published in yesterday's OFFICIAL STATE BULLETIN; the court hereby resolves that it will not admit the proceedings called for in said brief." Section 4 of the Supreme Court is made up of Judges Diez Picazo, Tomas y Valiente, and Pera Verdaguer.

Jose Maria Ruiz Gallardon, who was named last Thursday by 55 representatives of the GP and the MC to represent them in the appeal, had been called in by the Constitutional Court to receive the decision by which it was resolved not to admit the proceedings called for in the appeal. A clerk at the high court delivered the decision to Ruiz, who withdrew after having acknowledged receipt in writing. Ruiz Gallardon refused to make a statement at that time, arguing that he must first study the Constitutional Court's decision in the company of representatives of MC.

## Exhausting the Legal Process

Following the meeting held immediately afterward by Ruiz Gallardon, Miguel Herrero Rodriguez de Minon (spokesman for the GP), and Josep Maria Tiras de Bes (representing the MC), the former group's press agency published the following note: "The undersigned representatives of the parliamentary caucuses the GP and the MC hereby declare that they will submit the appropriate appeal to the Constitutional Court itself, and will exhaust every appropriate legal procedure in defense of their rights. The representatives consider that they are thus fulfilling their duty in defense of the State of Law in Spain."

The second heading under Article 93 of the Organic Law of the Constitutional Court provides that "against decisions and injunctions of the Constitutional Court the only valid appeal shall be the appeal for reversal of a decision, which shall not have the power of an injunction. This appeal may be filed within a time period of 3 days, and it shall be decided, following an ordinary hearing of the concerned parties for an equal time period, within the two following days."

Jose Maria Ruiz Gallardon told Efe yesterday that while his group will respect the decision, "we are not in agreement with it," because in their opinion "it does not conform to the law." Later, the GP's representative declared: "Everybody knows that the Organic Law of the Constitutional Court grants a 3-day period after final approval of a law in Parliament for the type of appeal known as prior appeal." Ruiz Gallardon argued that "if publication of the legal text is rushed in order to get around this 3-day grace period, it becomes an impossible legal avenue, and it no longer makes any sense to have the prior appeal as a possibility."

Pedro Bofill and Guillermo Galeote yesterday described the attempt by the GP and the MC to block application of the new law through a prior appeal to have it declared unconstitutional as an "authentic and irresponsible attempt at obstruction...Operations such as this one," said Bofill, "prove the disloyalty of the conservative forces in AP [Popular Alliance] and Convergence and Union [CU] toward the very system of liberties, and they are intended to create a series of obstacles to prevent the normal operations of our political system." Guillermo Galeote said that it is the party's intention for municipal and regional elections to be called as soon as possible. A government spokesman yesterday confirmed that elections are expected to be called at the next council of ministers, and that the dates selected, provided there are no last-minute changes, will be 8 May.

9839

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## HOLIDAY MARKED BY BASQUE NATIONALIST RIFTS, PNV UPHEAVAL

Madrid ABC in Spanish 3 Apr 83 p 19

[Article by Enrique de Diego]

[Text] Both Carlos Garaicoechea and the PNV [Basque Nationalist Party] have made public their "messages" for the "Aberri Eguna" [Basque Fatherland Day] celebration, overlapping on some points: Criticism of the Socialist government, condemnation of terrorist violence, and nostalgia for their idea of the "peace mandate" which by now merely seems to be an argument to oppose the Socialist "peace front." The PNV's message abounds in rhetorical radicalism, especially as regards the Spanish Socialist government and the Basque Socialists--"change will be for the worse"--whom it treats with special and self-serving harshness.

The commemoration of "Aberri Eguna" has two important features: The reassertion of the division of the political forces in the Basque Country and the groundswell in the PNV, which can lead to a future power shakeup inside the party and in the succession of the "lendakarado" [Basque Presidency].

The PNV, HB [Popular Unity], and EE [Basque Left] will commemorate "Aberri Eguna" separately. Javier Arzallus will preside over the function in Bilbao while Carlos Garaicoechea will be on hand in Elizondo, Pamplona. The activities of the PNV in Bilboa are organized by the new municipal boards in order to demonstrate that there is an overlap between the party's representative organs and its base organizations. The leaders of the PNV have chosen as their theme for the celebration: "Our homeland, the Basque Country; our language, the Basque language." The leaders of EE will also make a strong showing in Bilbao with Juan Maria Bandres, Mario Onaindia, and Roberto Lerchundi. Neither the PSOE [Spanish Socialist Workers Party] nor the AP-PDP-UL [Popular Alliance-People's Democratic Party-UL] have released any communication regarding the event.

The Basque communists are of the opinion that all the events scheduled "are nothing but partisan acts" in which "the Basque essence" which some strive to perpetuate holds center stage.

## Arzallus' Men

Sources not identified with any of the PNV's factions have confirmed the possibility that Carlos Garaicoechea may relinquish the premiership of the Basque Government and accept the presidency of PETRONOR [Northern Oil Company] in which Mexico holds a large capital interest. As will be recalled, some time ago it was reported that a possible move of the "lendakari" [Basque President] to Mexico was in the cards and that Carlos Garaicoechea might accept a position with PEMEX [Mexican Oil Company]. This report coincided with the announcement that Javier Arzallus will not run the reelection in the EBB [executive committee of the PNV], the party's topmost organ, previously headed by Carlos Garaicoechea.

Either Arzallus or his men--once the party apparatus is tightly under his control--seem prepared to sweep the positions in the Basque Government before what they view as an acute erosion of the present team, lately attacked also on various charges of corruption in connection with Basque television, and the deep erosion of the "mandate" which the "lendakari" himself experienced so that the PNV--with some vague solidarity--has ended up by assuming the entire blame. The same PNV sources note that that initiative was the last attempt by the Basque leader to retrieve his external and internal prestige, but this last attempt already seems to have fizzled.

Discouragement has spread in the [Basque] autonomous government and the recent crisis does not provide the final measure of the situation. It seems certain that members as outstanding as the educational adviser, Mr Echenique, or the economic adviser, Pedro Luis Uriarte, are not prepared to hold office in a future government. The desire of Mario Fernandez, vice premier, to retire is also taken for granted. The new industrial adviser is already one of Arzallus's followers.

Recently, Mr Echenique announced privately that there was a "radicalization" of the [Basque] nationalists, noting the ascendancy of Javier Arzallus and his men. With the historic "Sabines" of the party being eased out and Carlos Garaicoeches and his group discredited as Javier Arzallus has remained cautiously in the background while still holding the keys of the "batzokis," [PNV houses] this seems to be the time to gather the fruits.

In the PNV Carlos Garaicoechea retains the loyalty of some of his cadres but he has lost contact with the rank and file and it seems that he is not prepared for any power struggle. The PNV leaders have figures on the possibility that--if things should continue this way--next year "Ajuria Enea" could slip from his hands, a setback which no one is prepared to sustain.

## Uncertainty of the Second Stage

The two most frequently made criticisms of the PNV leader--systematic ambiguity and ineffectiveness--could be overcome. The change in the Basque leadership would involve a major confrontation with the Socialists

in the government and with the Basque Socialists as well. Arzallus is reputed to be clearer in his plans but also more radical on the issue of [Basque] "nationalism."

For some Javier Arzallus would be a tough negotiator with the government, but it would also be easier to determine the score. Arzallus would personally represent the leadership of the party and of "Ajuria Enea"--through his following now clearly in the majority--with an identification which has not been made so far. Independently on the interpretation, what is already certain--especially within the PNV--is the clear ascendancy to power of the men of Arzallus. This "second stage" has many uncertainties which political circles are already starting to evaluate. The PNV's "transition" will continue for a few more months.

2662

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## MUNICIPALS AS CENTER-RIGHT TESTING GROUND FOR 1986

Madrid YA in Spanish 3 Apr 83 p 7

[Editorial comment by Salustiano del Campo: "The Responsibility of the Opposition"]

[Text] Nearly all the time that is left until the municipal elections will be taken up by the electoral campaign, and this activity will temporarily conceal the principal features of the true situation, both as regards the government and the opposition. The former will strive by every means possible to maintain the momentum--that is, to repeat the results of 28 October 1982--while the latter will try to advance so that the Socialists may not abuse their 10 million votes and so that even the most skeptical should recognize the opposition's potential as an alternative to the present regime. Perhaps the popular coalition is the one that has most at stake and its fate is of maximal interest because of this. One cannot ignore its basic task which consists in criticizing systematically the Socialist model of society in all its manifestations, preventing the PSOE [Spanish Socialist Workers Party] from abandoning the moderation that it has exhibited so far and seeing to it that it does not undermine the values of those citizens who did not vote for it. Any opposition must always remind the government that it is not lawful that it should act either against or at the margin of the Constitution since the latter represents the basic national compromise and not a mere stage of revolutionary process. Hence the need to guard the vitality of the institutions, starting as is logical with parliament and continuing through television. A bad year awaits us starting on 8 May 1983 and it is important that someone should tell things as they are. The economic policy of Prime Minister Felipe Gonzalez does not seem to be adequate either to fulfill what he promised the voters or to lift us from the recession in which we find ourselves. Many are fundamentally afraid that in a short while measures will be implemented in Spain that are not too different from those imposed by President Francois Mitterrand in France. The generalized impression is that inflation will take off and that the currency will be devaluated even further.

But there is another duty of the opposition which is also very important--the opposition which counts, naturally, since neither Santiago Carrillo nor Adolfo Suarez is an entity to be considered right now. I am again

referring to the Popular Alliance [AP] and its leader, Manuel Fraga, whose capacity to attract voters is to be submitted to another test. Curiously, these elections are not contemplated so much as evidence of the wearing out of the Socialists--that is, as a second return for them of the generals--but rather as a somewhat remote prologue for the right in the 1986 elections. It is the occasion to gauge many things--before everything, whether the coalition is or is not the major force of the Center-Right which can replace the PSOE in the government. This will depend on one hand on the setting aside of personal ambitions in the face of the evidence that separately nothing can be done and in which case the Socialists would hold on to power nearly indefinitely. The municipal and autonomous elections are not the most appropriate to this end since the local popularity of given individuals mitigates against major national projects and because, at the beginning and at the end, it is much easier--let us say--for Antonio Garrigues to become councilman at the municipality of Madrid than provincial deputy. On the other hand the primacy of Manuel Fraga in the opposition necessitates a confirmation that clears away a sufficient number of interested doubts. On this occasion the government will try to deepen the existing contradictions within the adversary formations and will try to have the right and center splinter even more than they already are. This is the profound significance of Garrigues's emergence up front while Suarez, Roca, and others are satisfied with watching the show from the sidelines. The 1986 elections are starting now and the first shot should clarify whether the non-Socialist forces can unite or not. Just as the short-range creation of a hinge party that would attract part of the 3 million centrist votes which provisionally went to the PSOE should not be discounted, the question is to determine who would head it and how it would stand with reference to the popular coalition, that is, whether it would repeat or not the major blunder of the UCD [Democratic Center Union].

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## IGLESIAS FORESEES MUNICIPAL GAINS ABOVE OCTOBER

Madrid EL PAIS in Spanish 10 Apr 83 p 15

[Text] The Spanish Communist Party is optimistic about the coming municipal elections, in which the party offers to the voters a more attractive and completely remodeled position, which is the result of its work during recent months, according to statements made yesterday by Gerardo Iglesias, secretary general of the PCE [Spanish Communist Party]. According to Iglesias, the optimism with which the PCE faces the elections is due to the certainty that the results of same will mean for the communists an upward turn in comparison with the results obtained last October 28th.

"In these elections, we are the alternative to the government in many municipalities," added Iglesias during a press conference held in Madrid to open officially the party's election campaign. The PCE offers something upward of 22,000 candidates to fill the posts of mayor and council members of more than 1,700 municipalities throughout Spain.

Gerardo Iglesias, who was accompanied by the communist candidates for the office of mayor in the principal cities of Spain, added that the election campaign per se will be based on the "effective management" achieved by the communist municipal governments since 1979. Approximately 225 million pesetas will be invested in this campaign and more than 1 million posters will be used. The slogans on which the communist campaign will be based are: "A Party Open to All" and "The Municipal Governments are Changing, Help Us to Go On."

In the matter of municipal transportation, the PCE insists that fares in no case exceed the cost of service by more than 70 percent and advocates a law providing financing of transportation.

For his part, the undersecretary general of the PCE, Jaime Ballesteros, said yesterday in Castellon that his party is interested in observing the election pacts of the Left after the municipal elections and even of strengthening them with collaboration in programs involving common action.

Ballesteros had words of criticism for the government, according to the report of Nadal Escrig, our correspondent, and he said that many people are becoming disillusioned with the performance of the socialists, because they are not attacking the major problems that affect Spain, which, in the opinion of the PCE, are the struggle against unemployment and the referendum on Spain's withdrawal from NATO.

## AP'S FRAGA BLASTS PSOE BALANCE SHEET IN FIRST 100 DAYS

## Main Lines of Attack

Madrid EL PAIS in Spanish 16 Mar 83 p 1

[Text] The two leaders of the opposition, Manuel Fraga and Oscar Alzaga, the Basque Government and the principal Catalanian parties in the Parliament issued yesterday a censorious balance sheet that was critical of the Government's performance in its first 100 days in office.

AP [Popular Alliance] leader Manuel Fraga's analysis of the Government's performance was the most scathing. He said the Executive "in some cases, operates at the fringes of the law and of the Constitution." The Basque and Catalanian nationalists emphasized principally their reservations with respect to the Government's new autonomy policy. In Fraga's view, the Administration's new working hours have "humiliated and offended" its medical doctors and civil service officials; the Government's foreign policy "is contradictory and ineffectual"; its solution of the Rumasa case is "the most costly and the least constitutional"; its anti-terrorism attitude is "weak and naive"; its socialistic measures "are undermining Christian morality"; and the Parliament is "operating at minimum quorum levels."

Of all the socialist Government's economic measures, only two got passing marks from Fraga: The hiring of temporary workers and the pension pay increase. The abortion issue was cited as an example, among many others, that the Executive governs "by devastating with its votes." In most cases it does so by decree-law, "abusing it, ignoring Parliament, which is operating at minimum quorum levels, and placing itself, at times, beyond the law and the Constitution," Fraga said.

The head of the PDP [People's Democratic Party], Oscar Alzaga, said that "The Government shoots first, then takes aim." "Arrogant," "overbearing," "overdose of legitimacy," "Manichean," "dogmatic," and "Messianic" were some of the adjectives and expressions used by Alzaga to characterize the work of the socialist Government.

The Basque Government's spokesman, Ramon Labayen, characterized relations between the central government's Executive and that of his autonomous region

as "disappointing," in that "empty talk alone has been endless, but as for transfers, none have been made." In a talk program on the Catalanian TV channel, the parties with parliamentary representation, except for the socialist one, coincided in criticizing Felipe Gonzalez's remarks on the new autonomy policy in his press conference last Monday.

#### Further Details

Madrid EL PAIS in Spanish 16 Mar 83 p 18

[Article by Joaquina Prades: "Manuel Fraga Presents Catastrophic Balance Sheet of First 100 Days of Government's Performance--Says Reserving Motion of Censure For 'Later'"]

[Text] Madrid--The leader of the opposition, Manuel Fraga, criticized yesterday the 100 days of government by Prime Minister Gonzalez, impugning point by point what the head of the socialist Executive had presented as improvements and achievements its performance in office had produced. To that of the "feeling of being governed," Fraga retorted that "it produces [a feeling of] disgustingly trivial moralization"; the Administration's new working hours have "humiliated and offended" its medical doctors and civil service staff; its foreign policy "is contradictory and ineffectual"; its solution of the Rumasa case, "the most costly and least constitutional"; its anti-terrorism attitude, "weak and naive"; its social measures "are undermining Christian morality"; the Parliament is "operating at minimum quorum levels"; and the Government "in some cases, operates at the fringes of the law and of the Constitution."

The leader of the opposition opened his attack with a quip referring to Felipe Gonzalez's remarks of the day before. "It was hard to tell," said Fraga, "whether the speaker was Felipe or Philips [the Dutch electronics firm], because what he was saying was 'Mejores no hay' ['There are none better'] (the firm's advertising slogan in Spain)]; but as we see it, they have done a poor job of it."

The opposition leader said that of all the economic measures applied by the Government, only two of them could pass muster: The temporary employment measure--"What Mr Gonzalez said is true: Three months' work is better than none at all"--and the raise in pension pay, "Above all, because they did not do this in an election year, as the UCD [Democratic Center Union] governments used to do it."

But as for the rest of it, Fraga resumed his role as leader of the opposition: "At the rate we are going, we will have 3 million unemployed, but the Government appears to be consoling itself with having slightly reduced the jobless



index for the month of February." As Fraga sees it, the nub of the issue is that "They have now realized that, with the methods they are using, they are not going to be able to create the jobs they promised."

The decree-law on the expropriation of Rumasa was a target of the AP [Popular Alliance] leader: "It is the most costly and the least constitutional they could have adopted." And he added: "I see magnificent ads in the press by Loewe and Hotasa Hotels, and I think: I will be paying for these now through my taxes, and until now they have been paid for by a certain Mr Ruiz Mateos," After saying this, he used a metaphorical anecdote involving criminality to characterize the Government's action in this matter. "A man walking in the street is attacked by another, who is armed with a pistol. The victim of the attack succeeds in disarming his attacker and hangs him. He then comes round bragging proudly to you of his feat." "That? No! What this gentleman should be told is: 'After disarming your attacker, you go to the police authorities and report the fact, but you do not take the law into your own hands.'"

He characterized as "false and naive" the statement of the prime minister that "Terrorism does not put an end to democracy." In the Basque Country, "I have seen proof recently: There, there is no democracy because there is fear, extortion; candidates cannot come forth because they are threatened with death; there is violence, assassinations; and demonstrations are tolerated consisting of hooded individuals shouting 'Viva, the ETA [Basque Fatherland and Liberty]!' or against military service." In his view, permitting these things is a sign of weakness. And if Fraga were governing--something he is counting on, in that he stated: "The Moncloa syndrome will not afflict me, as it does and has done the present and past prime ministers, because I do not intend to live in the Moncloa"--he would not tolerate such unruliness "in any way, although I would respect the right of assembly."

Such is Fraga's certainty of eventually governing, that he stated flatly: "I shall be very careful as to which bill I forward to the king for his signature, and I shall study which moment is and is not the opportune one for it." Fraga said this in reply to questions from the reporter for EL ALCAZAR as to whether or not he considered it proper for the king to approve the bill to decriminalize abortion. In this regard, after alluding to "little hands and feet being torn to shreds," Fraga said that the Constitution is categorical as to the functions assigned to the head of state, which Juan Carlos is the first to respect. "If the queen of England were to be presented with a law, approved by the Chambers, sentencing her to death, the queen would be compelled to sign it; it follows that to involve the king in these matters is totally improper."

Abortion, an issue that "is undermining the only ethic this country respects, which is the traditional Christian morality," was cited as an example, among many others, in which the Executive governs "by devastating with its votes." In most cases, it does so by decree-law, "abusing it, ignoring the Parliament, which is operating at minimum quorum levels, and placing itself, at times, beyond the law and the Constitution," he said.

The Government's order that the staff comply with working hours makes these people, as well as the medical doctors, feel, like Dostoyevsky's characters, "humiliated and offended." "They have advanced the working hours and are giving them no work, and sometimes no meal allowance. The Government has shown itself inhuman, caring nothing about the problems it has caused in many families."

#### 'Absurd' Foreign Policy

The Executive's decision not to fully enter NATO and its relations with France, Portugal and Morocco, which are, in Fraga's view, the result of an "absurd, contradictory and ineffectual" foreign policy, in which the delay in the appointing of ambassadors "is starting to become a deplorable joke."

The public opinion polls published by Group 16, favorable to the Government's performance, appear not to be fazing Fraga, who pointed out that the same firm retained to carry out those polls, had given to the AP-PDP [Popular Alliance - People's Democratic Party] coalition, 8 days before the recent legislative elections, a definite 9 percent of the vote with a possible maximum of 16 percent. "We came out of it with some 25.3 percent of the vote." He said that the latest poll carried out by his party in advance of the municipal elections showed it garnering a definite 26 percent of the vote. Lastly, Fraga stated that the most effective weapon in the Parliamentary artillery arsenal is the motion of censure, and that because of this, it is being held in reserve for later, "when the Government has demonstrated that it only knows how to govern through the force of its votes and the pockets of the Spaniards have been completely emptied."

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3548/266

## FRAGA CRITICISM OF PSOE MERE REFLEXIVE REACTION

Madrid EL PAIS in Spanish 16 Mar 83 p 12

[Editorial: "Fraga's 100 Days"]

[Text] The press conference held yesterday by Manuel Fraga sought to establish a symbolic symmetry with the prior meeting of the prime minister of the Government with reporters to set forth a balance sheet of the first 100 days of socialist government. However, the meeting convoked for just 2 hours following it, by the leaders of the PDP [People's Democratic Party], the Christian democratic party that coalesced electorally with the AP [Popular Alliance], could be interpreted, without excessive guile, as a gesture aimed at affirming the programmatic and strategic independence of Oscar Alzaga's group, outside of its pre-election undertakings and its legislatorial pact. From this viewpoint, Manuel Fraga's positing himself as /the [in italics]/ leader of the opposition to the socialist Government would not only come up against the resistance of the Basque and Catalanian minorities--firmly entrenched in their respective autonomous regions--and of the remains of centrism, but could also be affected by the warning volley from the Christian democrats. Although part of the Popular Parliamentary Group and needful, for the moment, of Fraga's drawing power to obtain appreciable results at the polls, the PDP does not appear willing to venture all of its assets and its entire future on the not always well-advised leadership of the head of the AP. The appreciable shades of difference between the words of Manuel Fraga and the remarks of Oscar Alzaga, Javier Ruperez and Javier Tusell simply bear out the hypothesis that the medium- and long-term futures of the Christian democrats could unfold along independent lines of their own.

Fraga's public appearance yesterday produced that unshakable feeling of remoteness that is always evoked by actors who repeat, mechanically and without conviction, lines memorized and recited oblivious to the reactions of their audience.

The complexity of the situation in the Basque Country renders very difficult the finding of adequate approaches to the eradication of terrorism and the pacification of that tormented and fear-stricken society. But one of the few certainties in this regard is that the program advocated by Manuel Fraga--who already had the opportunity to put it into practice with dramatic results

while he headed the portfolio of Interior during the first half of 1976-- would do away with any further possibility of finding a solution to the conflict and would considerably broaden the base of popular support enjoyed by the armed groups. The slowing of inflation, the containment of the deficit, the revitalizing of economic activity, the improvement of our trade balance and the recovery of employment are objectives not easily achieved in the midst of a worldwide economic crisis, and are a tremendous challenge for the Government of Felipe Gonzalez. However, both the AP's electoral platform--a bizarre combination of ultraliberal measures already abandoned by Reagan and corporatist prescriptions of the previous government--and Fraga's political soapbox humor close the doors on any hope that the Spanish economy could improve with the miraculous remedies of that improvised quackery, based on the freedom to fire and the contradictory formula of lowering taxes while maintaining the level of expenditures inherent in an interventionist Administration. The socialists are still moving within the ambiguity of a foreign policy that has yet to attain an identity of its own. But Manuel Fraga's Francophobia, his defense of the Latin American dictatorships, and his resignation with respect to the geopolitics of blocs limit themselves to providing simplistic answers to complex problems and to disparaging their opponents as "third worldists."

The constitutionality of the Government's decree-laws and of laws approved by a socialist Parliamentary majority is open to political debate and will be resolved, in the final and only run, by the Constitutional Tribunal. But Manuel Fraga--whose laudable efforts to adapt to a parliamentary system are all the more meritorious when one recalls the absurd neo-Francoist muddle of a political reform invented while he was Carlos Arias's vice premier--lacks rightful claim to a monopoly as the sole and exclusive defender of the Constitution. The emphasis being laid by the socialist leaders on appeals to ethical considerations can serve as an unintended constraint on abuses of power by certain arrogant administrators.

The socialists are actually adhering to a more radically doctrinary program than was its electoral platform, and are, furthermore, subjecting it to the corrections of the reality, the knowledge of which can be gained only by carrying out the functions of government. But the AP is also maintaining a programmatic dichotomy, whose most disturbing aspect is a proposed reform of the Constitution that includes, among other things, the restoration of the death penalty and abolishing the recognition of our historic nationalities. The administrative reform initiated by the socialist Government will undoubtedly create tensions and problems with the personnel of the state apparatuses and of the Social Security system. It would appear, however, that it is not the possible injustices incurred with the minor government officials by the socialist Government, but rather the defense of the vested interests of the privileged corps, that spurs the demagogic war horse being ridden by the AP.

It may be that Manuel Fraga, whose formidable political calling has always enabled him to adapt to the changes in the political landscape stemming from the realities of power and of the systems of government, will succeed in

curbing his old tendencies and in changing his thinking habits so as to rise, in that way, to the stature of the image of "liberal-conservative" leader he resolved to make his during the previous legislature. But the signs pointing to that transformation, whose value for the stability of our democratic system would be unquestionable, were not visible at the press conference he held to reply to the prime minister of the Government. If Manuel Fraga truly aspires to be the leader of the Spanish democratic Right, appearances like yesterday's do precious little to further his aims.

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## PDP'S ALZAGA SCORES PSOE HAPHAZARD POLICIES

Madrid EL PAIS in Spanish 16 Mar 83 p 18

[Text] "The Government shoots first, then takes aim." With these words, Oscar Alzaga, head of the PDP [People's Democratic Party], opened his evaluation, yesterday, of the socialist Government's performance during its first 100 days. Alzaga was accompanied at the press conference by six members of the PDP executive, each of whom dealt critically with one specific aspect of the Government's performance. Conspicuously absent from the conference was the secretary general of the party, Jose Manuel Otero Novas.

"Arrogant," "overbearing," "overdose of legitimacy," "Manichean," "dogmatic," and "Messianic" were some of the adjectives and expression used by Alzaga to characterize the socialist Government's work. They served as a prologue to the subsequent evaluations by the PDP specialists in each of the areas in which the Government has taken action.

Javier Gonzalez Estefani attacked the Boyer team's economic policy, denying that there has been a slowing of the growth of unemployment as had been affirmed by Felipe Gonzalez on Monday: "Unemployment not only increased in January and February; it did so at a 43-percent faster rate," he said. Order books are showing a downtrend, production level forecasts are being lowered, the objectives sought by the devaluation of the peseta have not been attained, the small businessman has been stymied by disincentives, and agriculture is having to bear increasingly burdensome costs. These were some of the broad outlines of the picture of the economic situation painted by Gonzalez Estefani.

Catalonian Deputy Josep Donadeu limited himself to reading a paper on the increase of terrorism and the insecurity of the citizenry. Javier Ruperez, recently appointed vice-president of the party and former ambassador to NATO, assailed the Government's "unwarranted hastiness" in the conduct of foreign policy, the doubtful Westernism being demonstrated by the Gonzalez Cabinet, the ambiguity shown in the Conference on Security and Cooperation in Europe, the Spanish presence at the meeting of the "nonaligned" nations, and the "much noise and little action" on the rapprochement with the EEC [European Economic Community]. The erstwhile NATO ambassador summarized his analysis characterizing the Government's performance as "100 days of discontent on

the part of our allies, and of rejoicing on the part of our adversaries."  
"We are returning to the foreign policy of the later period of Francoism,"  
he added.

Jose Ignacio Wert, member of the Board of Directors of RTVE [Directorate General of Broadcasting and Television], castigated the public information policy, denouncing the "double ethic" and the "double language" the use of which by the Government has been growing. The RTVE has become a PSOE preserve, in which the professionals have been insulted and officials are being appointed on a political basis: He said the former managers of EL SOCIALISTA are today managing the publicly owned information media. Wert displayed a chart of Spanish TV air time being devoted to Government-provided information: In September, the total air time given to it was 3 hours 29 minutes; in October, it was 2 hours 4 minutes; in November, 1 hour 51 minutes. In November [as published], the first month of the socialist Government, the air time dedicated to Government-provided information filled 8 hours 39 minutes, and in December, 8 hours 32 minutes. "The Government's 'glass jaw,'" in Wert's view, "is its rejection of all criticism."

Modesto Fraile, deputy spokesman for the Popular Group, criticized the parliamentary policy of the socialists, and Javier Tusell the Government's cultural and civil service policies.

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## MADRID TO MOUNT NEW GIBRALTAR INITIATIVE

Madrid EL PAIS in Spanish 16 Mar 83 p 15

[Article by Juan Roldan: "Fernando Moran Meeting Tomorrow With Margaret Thatcher--Foreign Minister Hopes To Unblock Gibraltar Issue During Two-Day Visit to London"]

[Text] Madrid--The Spanish minister of foreign affairs, Fernando Moran, begins this evening a 2-day official visit to the United Kingdom, which, as seen in Spanish diplomatic circles, will be the most difficult of those undertaken until now within a succession of bilateral contacts being made with other governments of the European Community. Although the object of the visit, which is being undertaken at the invitation of the secretary of the foreign office, Francis Pym, is to discuss bilateral relations in general, it is no secret that the Gibraltar issue will occupy a predominant position in the agenda for the talks. Prime Minister Margaret Thatcher has reserved 1 hour of her time on Thursday to receive the Spanish minister.

Among the members of the ministerial team that is accompanying Moran to London--which includes the Ministry's directors general for Europe, Mariano Berdejo; for economic relations, Carlos Blasco; for diplomatic information, Fernando Schwartz; and the secretary general for relations with the European Communities, Carlos Westendorp--there was no sign of excessive optimism prior to their departure, and any triumphal views as to possible results were being discarded.

Despite the fact that since 1975 the United Kingdom has been one of Spain's major allies as regards the need for a complete integration of European institutions, defensive as well as economic, a kind of resentment has arisen--stemming from the military intervention in the Malvinas and as a result of the not always well-advised statements on the matter made in some forums by the previous Spanish Government--particularly a personal resentment on the part of Margaret Thatcher, who made it known publicly in one of her remarks to the House of Commons after the conflict.

Bilateral trade relations have been reasonably balanced, especially since 1980; and last year, for example, they amounted to approximately 140,000 million pesetas for both countries. This does not mean that Spain's entry



into the Common Market will encounter difficulties in negotiations with the United Kingdom with respect to certain products. About a week ago, Spain eased its attitude with respect to the high import levy its automobile trade has exacted of the EEC [European Economic Community]--and specifically in the case of the United Kingdom--since the Hispano-EEC preferential trade agreements of 1970. Last year, 350 automobiles of British manufacture entered Spain at an import duty of 36.7 percent, while Spain sold more than 12,000 units at an import duty of 4.2 percent.

The Common Market issue will be very much in the forefront of Fernando Moran's London visit today and tomorrow, and the Spanish Government is fully aware that the preferential agreements, particularly in the industrial sector, have resulted advantageous to our country, and that it will have to start disarming itself, from the customs standpoint, with a view to its future integration into the EEC. Nevertheless, there is the agricultural sector, which is the most important one for Spain, in which European concessions must be improved.

#### Gibraltar, Spanish Initiatives

The new foreign affairs team is convinced that the British have not changed their attitude with respect to the Lisbon Declaration, signed by Ministers Oreja and Carrington, in Sintra, in April 1980. In this Declaration, the two Governments agreed, for the first time in the long history of the Gibraltar controversy, "to initiate negotiations with the aim of resolving all differences with respect to Gibraltar (prior to this, reference had always been made to "talks," but not negotiations).

Although the phrase "all differences" was interpreted on the part of Spain as including also the issue of sovereignty, the present officials responsible for foreign policy feel its inclusion in the Declaration would be advisable. The Declaration also does not include mention of the issue--important as it is to Spain--of reciprocity of rights for the Spanish residents of Gibraltar, nor is a date set for the application of restrictive measures in the area of communications.

Felipe Gonzalez's Government decided unilaterally, on 15 December, to open the Gibraltar barrier to pedestrians. The measure was welcomed by the Thatcher Government as well as by the Rock's authorities. The Gibraltarian prime minister himself, Sir Joshua Hassan wrote in the London DAILY TELEGRAPH, on 20 January, that this measure, "after years of separation and international polemic, has restored, in a very brief period of time and in an authentic spirit of conciliation, the friendships and the coexistence that prevailed prior to 1969."

Hassan also said that "For the first time in many years, there now exist prospects that a certain degree of mutual understanding (though not necessarily a solution) can be reached between the parties to the dispute." The parties to the dispute are the Madrid and London Governments.

Minister Fernando Moran held a talk in Brussels, on 10 December, with his British counterpart, Francis Pym, and both agreed to hold a meeting in the spring of this year to try to implement the Lisbon Declaration. In Spanish diplomatic circles, it is felt that this meeting must be participated in with sufficient advance preparation to insure against failure. For this reason, the possibility is not being discarded that during the present visit, the two Governments will institute a study phase for the setting up of working parties to try to reach agreements on the three most conflictual issues of the 1980 Declaration: Sovereignty, reciprocity, and restrictive measures. These working parties could start their work immediately, without a fixed termination date.

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## LIST OF GENDARMERIE RETIREMENTS, PROMOTIONS

Athens ETHNOS in Greek 7 Apr 83 p 8

/Text/ In accordance with a decision of the Gendarmerie Supreme Council that met yesterday at noon under the chairmanship of the corps commander Lt Gen Manolis Brillakis, four brigadier generals were promoted to the rank of major general, while another 12 brigadier generals were retired.

The four new major generals are Giorgos Romosios (up to now commander of the Capital Suburban Police), Stelios Massos (supreme commander of mainland Greece), Nikolaos Bakogiannis (director in the 1st Administrative-Legal Planning Command of the Ministry of Public Order) and Manolis Vasilakos (commander of the Capital Suburban Gendarmerie Security).

The 12 brigadier generals who are being retired with the rank of major general are the following: Konstandinos Gardiakos (who served in the headquarters organizational administration), Grigoris Gouridis (who served in the headquarters publications printing unit), Lambros Krikelis (supreme commander of Eastern Makedonia), Ioannis Mouzourakis (supreme commander of the Peloponnisos), Nikolaos Routsis (supreme commander of Thraki), Nikolaos Sassalos (second-in-command of the YPEA /National Security Service/), Khristos Pyloridis (supreme commander of Ipeiros), Dimitrios Panagiotakopoulos (commander of the Gendarmerie Soldiers School), Panagiotis Kanellopoulos (supreme commander of Central Makedonia), Mikhalis Mastrogianakis (supreme commander of Crete), Andreas Evstathiou (supreme commander of the gendarmerie of Piraeus and the islands) and Konstandinos Papathanasiou (supreme commander of Thessalia).

Following the new promotions and retirements, the gendarmerie leadership makeup is as follows:

Manolis Brillakis, commander; Spyros Panagiotopoulos, first deputy commander; Giorgos Romosios, second deputy commander; Stelios Massos, first inspector general; Nikos Bakogiannis, second inspector general; and Manolis Vasilakos, third inspector general.

The Council

As soon as the orders are signed another council will be called on to decide on promotions of colonels and majors. Chairman of this council will be Mr Brillakis

and the members Major Generals Panagiotopoulos, Romosios, Massos and Bakogiannis.

Once again information provided by ETHNOS has been confirmed. The Cities Police Supreme Council that met yesterday morning under the chairmanship of the corps commander Giannis Nitsos promoted General Police Chief Giorgos Sabanis to the rank of deputy commander. Up to now he had been chief of the Piraeus Police Command.

Following the promotion of Mr Sabanis who has been assigned as second deputy commander of the Cities Police (Mr Panos Raftopoulos is the first deputy commander), Messrs Dimitris Farandouris and Kyriakos Mikheloudakis remain as general police chiefs.

There are now three vacant positions that will be filled at the time of the selection of the police chiefs first class very shortly.

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## FORMER MEMBER ATTACKS PASOK'S POLICY ON ARMED FORCES

Athens: POLITIKA THEMATA in Greek 18-24 Mar 83 p 25

[Article by retired General Dim. Khondrokoukis, deputy for the First Piraeus District and member of the Neo-Liberal Party]

[Excerpts] Andreas [Papandreou] has spoken to the officers at the headquarters of the two largest major units of the Greek troops--the First Army and the 28th ATAD [expansion unknown]--in his double capacity of premier and minister of national defense. And what did he say? As broadcast by the television network, he touched on emotional aspects of the problem of Greek-Turkish relations, the establishment of the Larisa NATO headquarters, and the negotiations on the bases. He did not say anything about the chief problems of the armed forces. About the things which shape the affairs of the army itself and of its mission. A virtuoso at juggling words around, he pulled out the pigeons from his sleeve to cause a sensation, forgetting that his audience was not that of the theater. And the officers would have liked to hear from their civilian chief about some of the things which relate to their mission and their combat readiness. And these are issues which touch on their organization, their administration, and their procurement of military supplies. If he is ignorant of these things, he should have familiarized himself with them. But let us explain them in a little more detail.

#### 1. Fundamental Organizational Matters

For one thing, nothing has been done to develop their organization, as supplies of every kind grow and as an example is set by other armies in Europe, especially those of the other 15 member states of NATO, whose actions we should closely follow as long as we find ourselves, at least for the present, in the Western confederation (NATO, EEC). But instead we are even dynamiting the existing organization by our manifesting of inclinations to encourage activities which tend to thoroughly disorganize their structure, by creating conditions for the establishment of circumstances similar to those of the notorious "Democratic Army of ELAS [National People's Liberation Army]"--or in other words, the communist army. That is, the establishment of political indoctrinators, civil guards, co-commanders (captains), and so forth and so on.

What else is shown by the toleration and encouragement of the appearance of masked soldiers at party events, by the communist propaganda at the Military

Academy, by the unrestrained wearing of civvies and dressing rooms in the army, by the "committees" of foot-soldiers for trade-union rights, by the "enlightenment activities" of "democratic foot-soldiers" within the camps of the various units, and lastly by the "joint training" on the part of the most fanatic of the party organizations of PASOK and the KKE in the preparedness exercises of the army? Does not this latter show very clearly the aims behind the restructuring of the army, and the adoption of communist-style structural changes in its organization?

Why was no explanation given to the very worried officers concerning this rehearsal of the government's intention to change the army's organization? Why was confidence in the armed forces so grossly attacked by surrendering the army over to the commissars of PASOK and the two KKE's?

Why has the premier remained silent about this terrible incident? Does he believe that it will fade away and be forgotten?

## 2. Fundamental Administrative Issues

There is a basic institutional law having to do with the army list, the number-one problem of the officers, which concerns their advancement and their transfers. It is the law on seniority, promotions, and transfers. The notorious Compulsory Law of the junta, Compulsory Law 178. For thousands of officers, this law has discouraged them from properly performing their mission. PASOK has made repeated promises to reform it. This was its election-campaign promise. Today, there is silence and a profound mysteriousness. However, because it wanted to nominate the deputies, it abolished the preference vote, with the assertion that this was also a pre-election promise. Over there, anxious eagerness, but here silence. There, a deception--because this was a deception, since although it had been announced beforehand, it would have come anyway along with simple proportional representation--here, "muteness" about something which has to do with the life and death of the officers of the armed forces, namely of the army itself.

The premier said nothing about the recent promotions and retirements, which were a veritable "slaughter" despite all the announcements to the contrary. Here I should say that the notorious events of 27 February are not unrelated to the timing of the retirements. These people were themselves afraid of the deep knife. They did not know how the officers would react. Just in case they thought, let some units stationed in the Attiki plain be put on alert. Those which have "our own" commander--their fear. But they also had their doubts all along. Therefore, they thought, let us have on alert at the same time the party mechanisms of the "democratic forces," let us also have Andreas dining that evening, just in case, with stearns. The "coup leaders" would not harm him....

There are also many other fundamental administrative issues, a few of which he could have selectively touched on. Now is not the time for me to mention them.

### 3. Issues of Materiel Procurement

In this area, he spoke clever nonsense. He made those paradoxical statements about the bases. His curious line of reasoning that the bases have no relation to our defense. But since it is via the bases that we are trying to obtain procurements of materiel, so that we can have a balance of forces of 7 : 10 with Turkey, how can they be unrelated to our defense? On the other hand, he knows that 80 percent of our weaponry is American, so how will we keep it in good repair when the source of its maintenance is cut off? Beyond this, can it be that it is not understood that the strategy of America as concerns Europe coincides with that of NATO? Because NATO means the defense of Europe.

Therefore, how can he assert to officers that the bases have no relation to our defense and to NATO? Did he forget to whom he was addressing himself? On the one hand he conducts or even foments demonstrations against the bases and the Americans more generally, seeing that one of the party organizations behind them--the chief one--is that of PASOK, headed by its eurodeputy. And on the other hand he talks about the bases remaining. How hypocritical all this is. What inconsistencies!

The procurement of materiel, the modernization of the armed forces, and more generally its total preparedness are directly connected with good American and West-European relations. Only those who are blind or hypocrites do not see this bald truth. If we shut our eyes to this truth, we will bewail the sufferings of our nation. Can it be that we are smarter than the Italians, the West Europeans, the Turks, and so forth, who have accepted the bases?

Aside from all these things, the premier should have been aware of the sensitivity of the officers on matters of morality. They cannot bear to see how top-ranking PASOK officers are failing to set an example of virtue. They cannot bear to read in the newspapers that in order to transfer his son to Athens from a university in Thraki where he was doing well recently, PASOK's proper chief came up with the line--to the detriment of other impoverished students--that supposedly there was a danger of his son's assassination. And the sons of other top-ranking PASOK officers are even using the device of obtaining certificates of mental illness. And there are many such issues of morality.

12114

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## SECURITY CORPS COMPENSATION BILL

Athens ELEVTHEROTYPIA in Greek 20 Mar 83 p 16

[Article by Giannis Anagnostopoulos]

[Text] The government is thinking about drawing up a special salary schedule for the Security Corps. According to exclusive information received by the Sunday ELEVTHEROTYPIA, this idea is prevalent among appropriate government figures who believe that it is imperative to disengage the payroll of the men in the Security Corps from that of the other civil servants, so that they can devote themselves to their difficult work with undivided attention.

Most probably the drawing up of the new payroll will be completed by the end of the year, in which case it will go into effect in 1984.

It is believed that the accommodations which it will provide will be especially advantageous for the men and women of the Security Corps.

Appropriate government figures are also preoccupied with the issue of granting a housing allowance to the men of the police and gendarmery. The entire matter is being examined carefully, and it is believed that decisions on this will not be long in coming.

The most likely outcome is for the housing allowance to be granted only in certain cases (moving from one place to another within the same year, and so forth).

A few months ago, Minister of Public Order Giannis Skoularikis had revealed that the issue of the housing allowance was occupying the attention of his ministry.

12114

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## EAV POLITICIZATION SEEN DAMAGING MILITARY EFFECTIVENESS

Athens I VRADYNI in Greek 16 Mar 83 p 5

[Article by G. Trangas]

[Text] "We are living in a very troubled world. Major national and international problems are in urgent need of solutions. National problems such as the removal of the foreign bases, Greece's withdrawal from NATO, its release from the fetters of the EEC...."

This is a passage from a proclamation by the KKE Party Organization on the Greek Aircraft Industry [EAV], which in recent days has been showing signs of a dissolution. In the same proclamation the EAV management is called upon to rescind the agreement with the American Lockheed Company, which is responsible for marketing (market analysis), quality control, and the general "supervision" of this industry which is so vital to the national defense and the economy.

Apparently these developments in the EAV arena began when ND deputies lodged complaints about irregularities which have occurred at the EAV's engine plant. The documentary evidence which the deputies of the official opposition revealed to the public showed that the situation in the EAV is not good at all, and that the government should concern itself with restoring its normal functioning. Especially at a time when the EAV's chief customer is the Greek Air Force.

The government and the Left generally launched an operation designed to mislead public opinion about what was happening within the Greek Aircraft Industry. With front-page articles in pro-government newspapers, the Americans of Lockheed were accused of being guilty of a series of intrigues. Their removal was repeatedly demanded by leftist union leaders in the EAV and particularly by the KKE Party Organization.

Of course, nobody in the pro-government newspapers has analyzed the question of what customers the EAV will have so that it can continue to operate, since at present it is deep in debt and--as financial observers point out--it has reached the point of complete dissolution. Nobody has dared to speak the truth:

1. If NATO stops sending aircraft engines for overhauling and missiles for electronic testing, this will virtually bring to a halt the engine and electronic testing plants--that is, the only divisions in the EAV which have a fairly significant volume of work.

2. If "sinful" Lockheed packs up and leaves Greece, the EAV will not be covered any longer by the "certification" (certificate of guaranteed work) of this large American company, which has an international trading network. Of course, those who maintain that we can secure an international clientele without the technological support of the Americans are indulging in day-dreams, at a time when not even the "training curve" of the EAV personnel has been completed. Moreover, who wants to assign work, to send his military aircraft, to a military industry which is continuously agitated by trade-union confrontations? Indeed, especially when the customers of the EAV are member countries of NATO, or are on friendly terms with the Atlantic Alliance. When the EAV is selling a man-hour of work for \$30 and has reached the point where this costs it more than \$180, one easily understands what a distressing situation its finances are in.

#### Climate of Intimidation

In fact, the downward course of the EAV began immediately after the election victory of PASOK. It launched a wave of dismissals directed against employees and officials in this industry who had been characterized as "rightists." But all of the people so removed had worked zealously to develop and organize the EAV. As they themselves complained to I VRADYNI, dismissals were carried out at all levels of workers, from the common laborer to the assistant to the general manager.

The rumors and gossip were to the effect that whoever did not become a member of the pro-government trade union would not escape this wave of dismissals. The meritocracy was abolished. Competitive examinations were regarded as unnecessary.

Party devotion was considered an essential and primary qualification for every applicant seeking employment with the EAV.

There was no lack of criticism with respect to the hirings of residents from Menidion and Avlon, located in the home district of the former chairman of the Administrative Council, Papanikas, who was replaced. Circles in the official opposition point out that:

Special consultants were engaged without taking into account the scientific manpower of the EAV. Very costly studies were assigned to "their people." The organization chart of the EAV was changed in an illegal manner, and instead of one assistant general manager, three are now provided for.

The mismanagement, indifference, and climate of intimidation has brought about a decrease in production, a low productivity, a decline in the morale of the personnel, and a lack of confidence on the part of the customers. Thus, resignations began to appear from scientists and technicians who through great efforts had been persuaded to leave their work in the United States and return to Greece, in order to help organize and develop the EAV.

#### At the Threshold of Bankruptcy

The Papanikas administration brought the EAV to the threshold of dissolution. It took over a sound enterprise with a very promising future, with plans, prospects, and a good personnel. The previous administration had carried out

an all-out campaign, with notices and advertisements at home and abroad, in order to find the scientific specialists and technicians who were needed in this industry. In the summer of 1981, a report by chartered accountants showed that the EAV had assets of about 80 million drachmas. In November 1982, Deputy Minister of National Economy Georgiadis stated to the newspapers that the anticipated deficit for 1982 would reach 8 billion drachmas. It should be noted that between October 1981, when the Papanikas administration took charge, and the end of the same year, the loss had reached 355 million drachmas.

Veteran officials in the EAV estimate that the present tremendous deficit facing this industry is due not only to super-partisan activity on the part of the "greens" and "reds," but also to the inability of the administration to achieve a satisfactory pace for the work being done. Thus, at present an exceptionally low productivity is being seen in the EAV, which is capable of overhauling 28 different types of engines of Western manufacture. It is also rumored that there has been a relaxation of security measures.

Only the engine repair plant and the electronics plant are operating continuously. The aircraft and accessories plants have no work to do at all. In the "manufacturing" division (the department for manufacturing various aircraft parts), the fabrication of doors for the "airbus," among other things, is continuing. Many people maintain--and it seems that they are not wrong--that the low productivity is due to the excessive unionist activity which is developing in this sector. The personnel--it is said--are registering "green" or "red," becoming unionized, and going out on strike.

But how long can this situation prevail in an industry whose chief customer is NATO? The Greek Air Force is paying the Atlantic Alliance for the repairs to its aircraft in Greece, and in turn NATO is paying the EAV. Therefore, how can an industry with 3,500 workers operate, when the chief trade-union representatives of the latter turn against its customers and demand that they be sent away?

The present administration under the retired air force general, Kokkinidis, an experienced officer, is trying to salvage that which the Papanikas administration abandoned. Even now, the operation of the EAV may be illegal on the basis of Law 2190 concerning corporations. Because this law states very clearly that if the net worth of the company becomes less than 1/10 of its paid-up capital, then the ruling on the basis of which the corporation was formed becomes abrogated.

12114

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## ANALYSIS OF ANTIAIRCRAFT MISSILE CANDIDATES

Madrid CAMBIO 16 in Spanish 28 Mar 83 pp 43-45

[Article by Francisco Caparros and Javier de Guzman]

[Text] Spain to Modernize its Anti-Aircraft Defenses

In the area of missiles, the Spanish army seems to be condemned to a "third-world" status by the actions of its powerful North American ally.

Spain is prepared to devote part of its defense budget to the acquisition of low-altitude missiles, in order to meet its needs for anti-aircraft protection. Based on purely economic considerations, it may choose the "Chaparral," a "made in USA" missile, which the United States Armed Forces have already begun to replace, instead of the Franco-German "Roland," the "Chaparral's" most direct competitor for use by the Spanish army.

At present, anti-aircraft defenses have become considerably sophisticated, since planes, in order to avoid conventional defenses, fly at high speeds at low altitudes. At times they may travel at speeds 1.2 times the speed of sound, flying at altitudes under 100 meters. This greatly complicates their detection and destruction by other aircraft, conventional anti-aircraft missiles, and artillery.

Faced with this undeniable reality, which was recently made quite clear during the Malvinas War, the Spanish army must make the changes needed to bring itself up to date. Today every army, including the Moroccan army, is trained to launch a rapid and accurate strike against its enemy, but our ground forces are still tied to doctrines and equipment that have little to do with modern warfare concepts.

For its missile-based anti-aircraft defenses, the Spanish army has only the "Hawk" and "Nike Hercules" missiles for medium and low-altitude combat. These missiles are useless in repelling a rapid, low-altitude incursion.

This problem, though, is not a new one. According to what CAMBIO 16 has learned, the need to acquire low-altitude anti-aircraft missiles became apparent as early as the mid-1970s.

Despite the amount of time that has elapsed since then, there are only a few "Hawk" and "Nike Hercules" based at Gibraltar and at Penon, but neither Ceuta nor Melilla, nor the air bases, nor bridges, command posts, nor arsenals are equipped with modern anti-aircraft systems. This situation exists even though military sectors say we can not rule out the possibility of an armed conflict with Morocco about the Spanish cities in North Africa.

#### The Veteran "Chaparral"

To meet these needs, which have existed for nearly 10 years, the veteran "Chaparral" system, based on the famous "Sidewinder" missile--whose origins date back to 1958--has the greatest chance of being chosen for the Spanish army. It would be our army's only low-altitude anti-aircraft missile.

Competing with the "Chaparral" are the range of possibilities offered by the modern "Roland," produced jointly by France and Germany, and the British "Rapier." Chances of the "Rapier's" selection are not good, because of Spain's ongoing dispute about Gibraltar with England, the country where the "Rapier" is manufactured.

This objection is so strong that the Spanish military never look with favor on the acquisition of British weapons, since they remember the English refusal to sell us frigates, and a parliamentary debate at which the wisdom of the Spanish navy receiving "Harrier" aircraft, acquired via the United States, was questioned. It was stated that "they could be used to attack Gibraltar."

The British don't seem to share these restrictions and feelings of mistrust, but the current Spanish government does not seem to favor the purchase of British arms.

In addition to these objections, it has been argued that the "Rapier's" radar system has a range of only 12 kilometers, and that its radioguidance system needs to be modernized. Another fault is that its current electronics should be replaced by integrated circuitry.

Now that the British missile is practically out of the running, both the U.S. "Chaparral," which is also used by the Moroccan army, and the Franco-German "Roland" should be under serious consideration. However, the U.S. advantage in terms of obtaining a favorable decision for its product is very significant; this of course hurts the "Roland's" chances, even though the "Roland" is a more modern, versatile, and effective system.

The confidence of the Americans in their starting advantage caused them to anticipate events quite arrogantly in March 1981, when they requested specific authorization from the House of Representatives to sell these missiles to Spain. The Defense Department request presented to the House was based on the sale of 96 systems--this term is used for the weapon in its entirety; it consists of the launching tubes and the aiming mechanism--and 1,760 missiles for a total price of \$242 million (1981 dollars).

After the fluctuation of the peseta, which is down in relation to the dollar, the Spanish could only buy 64 systems and 1,300 missiles now.

Confirmation of this preference on the part of the army officials can be found in the 1982-83 Military Balance Sheet, which lists on page 42, among the purchase orders of the Spanish army, the plan to obtain 96 "Chaparral" with 1,760 missiles. We should mention that the official decision has still not been made. However, the Spanish edition of the Military Balance Sheet is copyrighted by the Publications Service of the Army General Staff, so it may be considered that the decision is at least semi-official.

Aside from this, the military sources consulted said that Gen Ascanio Togores, the army chief of staff, obviously prefers the "Chaparral" system, even though these sources recognize that the "Roland" is much superior.

#### The "Roland," a Better and More Expensive System

Despite this obvious preference for the "Chaparral," the "Roland" system has some good qualities that can not be disputed. For example, it can have from two to four missiles ready for firing,

with a reserve of another eight in each launcher; it can be reloaded in just 10 seconds.

Without a doubt, based on the opinions given by all the experts consulted, it can be said that the "Roland" is the real star of the three missile systems that the Spanish army might obtain. Compared with its competitors, its technical and operational advantages are clear, and it is said that the cost-efficiency ratio, despite the fact that the "Roland" is the most expensive of the three, is quite favorable to the "Roland" in comparison with the "Chaparral" and the "Rapier." And if all that were not enough, its reliability, based on the ratio between launches and impacts, is about 90 percent, while the British "Rapier" has a rating of only 70 percent.

The Franco-German "Roland" system can be fired against targets located at a range between 500 and 6,000 meters, and it may be effective against aircraft flying at an altitude of only 20 meters. The reaction time--measured from the moment when the plane is detected until the first shot is fired--may vary between 6 and 8 seconds. And for the second shot, this time may diminish to 2 seconds.

In comparison with the "Chaparral," which has presumably already been selected, if the Spanish army should finally decide to buy the "Roland," it would need 48 systems and 960 missiles to cover our present low-altitude anti-aircraft defense requirements, compared with the 64 systems and 1,300 missiles it could now buy of the U.S.-made "Chaparral."

In this area, purely economic with no other type of technical considerations included, the proponents of the "Chaparral" say that the "Roland's" price is one of the main problems hindering its acquisition by our army, since for the price of a single "Roland" system three "Chaparral" could be purchased. But such an argument should not be considered definitive.

One of the sources consulted, who has broad experience with both artillery and anti-aircraft systems, told CAMBIO 16 that there is no case in which it would be economically feasible to fire a "Roland" against a helicopter. Other sources said that in such cases, small anti-aircraft missiles that can be fired by one man from a protected position using a sort of mortar-launcher would be adequate.

In this list of comparative merits that show the technical, but not economic, disadvantage of the "Chaparral" in relation

to the "Roland," we can also point to the participation of the "Roland" in the Malvinas War. In this most recent armed conflict, the "Roland" was quite important in anti-aircraft defense.

Although it is not known precisely how many "Rapier" missiles the British fired, using these missiles they destroyed approximately 12 planes (eight with certainty, and four probable hits). As for the "Roland" missiles fired by the Argentines, versions differ according to the data supplied by each of its manufacturers. The German firm, MBB [Messerschmitt-Bolkow-Blohm], says that of nine shots, there were seven certain destructions, and only one probable hit, while the French manufacturer, Aerospatiale, says there were eight missiles fired, with certain destruction of four planes and one probable destruction.

In any event, the data on the "Roland" are quite significant when we realize that the Argentine soldiers had barely received any training in handling this type of missiles, since they had been received shortly before the conflict broke out.

#### The American System

The American "Chaparral," despite all the technical and operational considerations against it, does appear to be the future low-altitude anti-aircraft missile for Spain's army.

Its advocates say that the deficiencies of the "Chaparral," when compared with the "Roland" and even the "Rapier," in terms of its capability in poor weather and low visibility conditions, may be corrected by making some improvements that are now being tested, and which could be incorporated quite quickly.

They also maintain that the "Chaparral," like the "Roland," can be installed on the chassis of a combat tank, as the United States used to do. According to the favorable sources consulted, the problem of launching missiles of the "Chaparral" system can be resolved by using the "Meroka" guns, made in Spain by the CETME firm.

But always, behind this decision, there lies the widespread opinion held by both the military and specialists in this field that the "Chaparral" is an old and almost outdated system, even though it does offer some major economic advantages in terms of its purchase price, because this price is low in comparison with that of other low-altitude missiles.



In any event, the final decision will not be made by the administration for another 2 or 3 months. At that time the minister Narcis Serra will have to choose one of the three systems, based on the reports provided him by specialists from the General Division of Armament and Materiel.

The sources consulted say that now the missiles in competition for selection for Spain's low-altitude air defense system are on an equal footing, even though some preference for the "Chaparral" has been seen, as we mentioned earlier, in persons such as the army chief of staff, Gen Ascanio Toghres.

7679

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## SURVEY OF MILITARY PAY PROPOSALS

Madrid TIEMPO in Spanish 21-28 Mar 83 pp 30-31

[Article by M. E. Yague]

[Text] Military Pay is Low

Among the general government budgets to be submitted to the Cortes, there is an important item: defense. This is not simply a matter of modernizing the armed forces in terms of both armament and materiel. Even though, in such a large army, personnel costs use up a great part of allocations for the three branches of the armed forces, an increase in military pay is essential if the FAS [Spanish Armed Forces] are to be placed on a professional footing.

The military earn more than under the former administration, but they still earn very little. The days when the glories of the past and other not very professional considerations were supposed to compensate for poverty-level salaries, which required that the military moonlight, are long gone. Now the time has come when the military are supposed to be treated like government employees, according to law.

About 4 years ago there was a large increase in military pay, and at that time, the military were required to devote themselves solely to their military duties. That has always existed, and the military are considered to be always available for duty. It is inconceivable that military maneuvers or other duties might be interrupted because the workday has ended.

The Compensations Law announced by the defense minister, Narcis Serra, will not be sent to the Cortes until the last quarter of this year. That has caused a certain amount of disappointment in military circles. Of the reforms announced by the defense

ministry, the new salaries are not the most urgent issue, and pay increases will have to be accompanied by a personnel cut-back, which is essential, especially in the ground forces. But if they want to achieve the maximum level of professionalization in the army, bring it more in line with the European armies, and have it achieve a maximum degree of integration with civilian society, the military must be paid like everyone else.

Despite the pay increases granted in the time of Gutierrez Mellado, military pay is still below that of civil servants. For generals, the net salaries are between 32 and 51 percent lower than salaries of their civilian counterparts (see chart one).

Chart One: Average salaries

Lieutenant general	160,000
Major general	150,000
Brigadier general	140,000
Colonel	149,000
Lt. colonel	115,000
Major	105,000
Captain	95,000
1st lieutenant	85,000
2nd lieutenant	75,000
Sergeant 1st class	70,000
Sergeant	60,000

Note: These approximate figures do not include bonuses for length of service, family allotments, etc.

#### A Decent Salary Scale

The basic components of military salaries are: the basic salary, grade level pay, and 3-year bonuses.

Pensions of retired military personnel are based on a percentage of these three factors. Generals never retire, and no matter how old they are, they are always considered to be on active duty. Their pension is substantially larger than the pensions of other high-ranking officers.

The basic salaries of officers and non-commissioned officers are not far apart:

Generals	66,300 pesetas
From lieutenant to colonel:	60,300 pesetas
From sergeant to ensign:	36,180 pesetas

Grade level pay is based on service, and is given for each of the promotions earned within each group. Grade level increases are lost when moving from one group to the next.

These level increases are as follows: from sergeant to ensign: 1,500 pesetas per grade level. For example, a sergeant is paid for one grade level, 1,500 pesetas. A sergeant first class has one grade level  $\times 2 = 1,500$  pesetas ( $\times 2 = 3,000$  pesetas). A brigade sergeant has three grade levels. A second lieutenant, four. An ensign, five.

Among the officers, a lieutenant colonel has one grade level, 2,500 pesetas. A captain, two grade levels ( $2,500 \times 2 = 5,000$  pesetas). A major, three grade levels. A lieutenant colonel, four. A colonel, five. A brigadier general, six. A major general, seven. And a lieutenant general, eight.

The 3-year bonuses are based on service and are not counted until the first 5 years have elapsed. The first 2 years do not count and are considered as ordinary military service.

For officers, from lieutenant to general, the 3-year bonuses are 2,940 pesetas. From sergeant to ensign, they are 1,764 pesetas.

Military salaries are subject to a series of deductions: social security, which is called IFA in military terminology, deductions for various survivors' benefits, associations, etc. The three branches of the armed forces have the same salaries, and no overtime is paid. In many cases, overtime is very lengthy and is permanent. There are two extra pay periods a year, and 40 days of annual leave.

Pay based on length of duty time is covered under a separate heading (see chart two on next page).

#### Relative Privileges

A member of the armed forces has always been considered one of society's favored members, based on some external symbols which, in reality, have often been more theoretical than anything else. Today there are some benefits remaining which are not available to all, and of which many of those entitled do not make any use.

Chart Two: Pay based on Length of Duty Time

	Scale A (pesetas)	Scale B (pesetas)
Lt. general or admiral	39,369	26,085
Major general or vice admiral	37,375	24,739
Brig. general or rear admiral	35,489	23,393
Colonel or naval captain	31,660	20,752
Lt colonel or commander	29,668	19,514
Major or lt commander	27,672	18,276
Captain or naval lieutenant	25,786	17,038
Lieutenant or naval ensign	23,793	15,801
Sergeant	22,073	13,757

Scales A and B are based on the length of duty time. Scale A means that the person works a minimum of 4 hours more than normal hours. These are jobs in ministry-level cabinet positions, some staff jobs, etc. Scale B is the level applied to almost everyone and it supposes 2 hours extra per day: from 0830 to 1730.

Military housing is one of these benefits, since rents range around 5,000 pesetas. However, there isn't room for everyone. Large families are given priority, and the waiting list may last for several years. As a result, many members of the military buy or rent normal housing outside of the military housing compound. Defense minister Serra plans to do away with these military "ghettos," and integrate the military into civilian housing.

There are not too many military personnel with an official car and driver, with the exception of unit commanders and generals on missions, although there are a large number of service vehicles available for use in traveling from one place to another during the day.

Now that civilian social security covers almost all of Spain's population, the military pharmacies, which used to be one of the military benefits when not everyone was covered by social security, have few advantages. There is a maximum 20 percent discount on medications, and in many cases the discount is less.

Military commissaries, according to a number of military personnel, do not offer prices much lower than normal grocery stores, unless some products are purchased in large quantities.

There are other small bonuses, which are practically irrelevant, such as 375 pesetas for a wife, 300 for each child (monthly bonuses), and bonuses for special technical training. For example, paratroopers or people trained at the Staff College are paid about 3,000 pesetas a month. A knowledge of foreign languages is compensated with about 600 pesetas a month. And military awards and decorations, which are quite rare, never reach an amount as high as 1,000 pesetas. There is also 2,000 a month paid for a food allowance, which is not paid in July and August.

### Parliamentary Proposals

The Popular Group was the first to take to the Congress of Deputies the first concrete proposals for new military salaries. The Popular Alliance Deputy Jorge Verstryngge defended unsuccessfully, supported by centrists and communists, an immediate and large increase in military salaries.

Popular Alliance has also proposed to abolish "supplemental payments" in military salaries (in the end no one knows how much he earns, say the military themselves), and set up a single, overall pay scale, to which only the 3-year bonuses would be added. The AP [Popular Alliance] salary scale calls for paying 141,287 pesetas for a sergeant up to 271,803 pesetas to a lieutenant general. This would greatly increase pay for the lower ranking military, without breaking the concept of "socialization," which already exists, which calls for small differences in salaries.

However, the socialists are proposing a 1 to 4 proportion, which would leave the lower ranks with little substantial improvement, with higher increases for higher ranks. According to these deputies supporting the government, the Popular Alliance proposal would cost 100 billion pesetas more a year.

Popular Alliance has named this situation of inequality a "comparative injury." It points out that the cost of living index has always risen less than military salaries, with the consequent loss in purchasing power.

There will be new military salaries within 6 months, even though we still won't be able to speak of a democratic Armed Forces, in terms of salaries.

7679

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## ACTIVITIES, METHODS OF EAST BLOC ESPIONAGE IN FRG

Bonn DIE WELT in German 6 Apr 83 p 4

Text In 1982 East bloc secret services--above all the East Berlin "Ministry for State Security" (SSD)--continued to have a "preference" for the economically strong and militarily evidently quite interesting federal state of Baden-Wurttemberg. This is the conclusion of the Constitutional Protection Report of the state, publicly presented by the Interior Minister Roman Herzog (CDU).

The increased activities of the Warsaw Pact countries in the Southwest were a "particular liability" last year for counter-espionage in Baden-Wurttemberg, as stated in the report. In this case the security authorities of the state observed that for the first time since 1971, the communist intelligence agencies were interested again primarily in "military targets." The Stuttgart Interior Ministry sees a relationship here with the "Discussions and Plans for disarmament in the two Power Blocks" and the increasing interest of Eastern espionage in conventional and nuclear strengths in Baden-Wurttemberg. During 1980 the number of detected cases of espionage in the military sphere in Baden-Wurttemberg amounted to "only" 25.2 percent, this fraction rose to 32.7 percent according to the report. Nearly two-thirds of all espionage cases are said to have been initiated by the GDR secret service (69.8 percent), followed by Poland (9.6 percent) and the Soviet Union (8.6 percent).

After the military sphere, the Eastern espionage agencies are interested primarily in the areas of politics (28.6 percent), "preparatory and supporting contracts" (24.1 percent) and lastly in economics and science (14.6 percent).

The military intelligence service of the GDR has developed a new method of recruitment: Male and female students in Baden-Wurttemberg have recently received letters from alleged "students" in which a "pen-pal" relationship is requested. The potential Western agents have been carefully selected in advance by the GDR secret service and are then invited to visit central Germany. If the "students"--in reality attractive employees of the East Berlin espionage agency--detect that the Western pen-pal is interested in a "solid relationship," then an intelligence recruitment is attempted.

If the infatuated Westerner signs an "agreement" to "cooperate," then the pretty Mata Hari disappears from the picture and the jilted individual is taken over by a male "colleague."

A 24-year-old student who was not able to accept an invitation into the GDR from his "fellow-student" due to lack of funds, proposed to open a sideline for "journalistic activity" in the FRG for her alleged cousin, a "successful editor" in the GDR. But the distrustful student informed the Stage Agency for Constitutional Protection.

A 25-year-old waiter placed an advertisement in a technical journal seeking employment as a junior aid. An unknown person subsequently called and offered him a "lucrative sideline" in East Berlin, allegedly for an "Engineering Office" in East Berlin. As was explained to him in East Berlin, the office was interested in information about large-scale projects (highways, bridges, etc.) in the FRG, as the unemployed waiter informed the security authorities in Stuttgart.

The attempt of the Czech secret service to recruit an engineer who wanted to travel to visit relatives in the FRG is a "classical" case. The travel could only be permitted if he would "cooperate" as he was told by members of the Prague secret service. For appearances, the academician agreed to this requirement, but requested political asylum in Baden-Wurttemberg and reported this demand.

Last year in Baden-Wurttemberg four persons were convicted in the Stuttgart superior court of espionage activities. Three of the discovered spies were acting on orders from East Berlin, one operated for the Prague secret service. Half of all recruitment attempts occurred on private trips to the East, followed by written requests (14.1 percent) and telephone or personal contacts (also 14.1 percent). It was also reported that 12.4 percent of the attempted contacts took place after employment inquiries.

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